

Natura 2000 Funding in Wales

Final Report

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LIFE Natura 2000 Programme for Wales

LIFE N2K Wales: LIFE 11 NAT/UK/385

Action A.5 Review of funding

LIFE Natura 2000 Programme for Wales contract to review current funding arrangements for N2K management and identify and evaluate potential new funding mechanisms



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Executive summary

Introduction

Natura 2000 is the network of the EU's most special nature sites. They form the centrepiece of the EU's biodiversity policy, and their protection and management play a key role in efforts to halt the loss of biodiversity. Securing and enhancing the benefits that Natura 2000 offers depends on effective implementation and management of the network. Wales has 20 Special Protection Areas (SPAs) and 92 Special Areas of Conservation (SACs), which together span more than 700,000 hectares, comprising 8.5% of the Welsh land area and 35% of territorial waters. The network therefore comprises a significant portion of Wales' territory. However, as in the EU as a whole, much of the network is in unfavourable conservation status, and great efforts are needed for restoration and management activities.

Such wide-spread restoration and management activity present a high demand for finance. The revised Wales Prioritised Action Framework (PAF) highlights recurrent annual costs of around £13.8m/yr and one-off costs of £3.1m for the network as a whole (Welsh Government, 2014). As in most other areas of Europe, the current costs of managing the Wales network are borne almost entirely by public authorities. While much of the focus at EU level has been on enhancing funding from the EU budget, it is recognised that other sources of public funding, private sector and Non-Governmental Organisation (NGO) finance are also important – and are expected to be increasingly so in the future. For example, payments for ecosystem services such as carbon storage, flood retention, water purification, as well as the provision of public goods such as landscape and biodiversity, offer new potential funding sources, both from public sector buyers (e.g. agri-environment schemes) as well as privately funded Payment for Ecosystem Services (PES) schemes (e.g. payments from water companies, carbon offsetting schemes).

In order to enhance management of the network, NRW was awarded LIFE+ funding for a project, LIFE Natura 2000 Programme for Wales (LIFE 11 NAT/UK/385). The purpose of the project is to develop a strategic, prioritised programme for the management and restoration of Wales' Natura 2000 sites. The programme will enable Wales to make significant progress towards bringing the designated Natura 2000 habitats and species into favourable condition and help Wales to meet its commitments under the European Habitats and Birds Directives. This reports contributes to this programme by exploring the existing and potential funding options for Natura 2000 in Wales. It acts as a form of 'funding map' and a resource through which to understand the potential of different funding types to address the anticipated management actions required, and the mechanisms which may be used to implement such actions. As such it seeks to provide options for diversifying funding sources in order to address the anticipated Wales Natura 2000 funding gap. It is an important step in enabling a broad ranging appraisal of funding options as part of the PAF development, once the conservation and management needs of Natura 2000 in Wales have been drawn together and finalised.

Study approach

Our study approach was designed to bring together the key elements required for understanding the main opportunities for expanding or enhancing funding for Natura 2000 and what can be done to help capitalise on these opportunities. The project therefore undertook the following tasks:

- Establish a bibliography of funding sources.
- Review a long list of funding sources and opportunities for their enhanced use and access.
- Review funding options for a short list of management mechanisms.

These tasks were informed by reviews of secondary sources complemented with primary research interviews with 30 individuals/organisations.

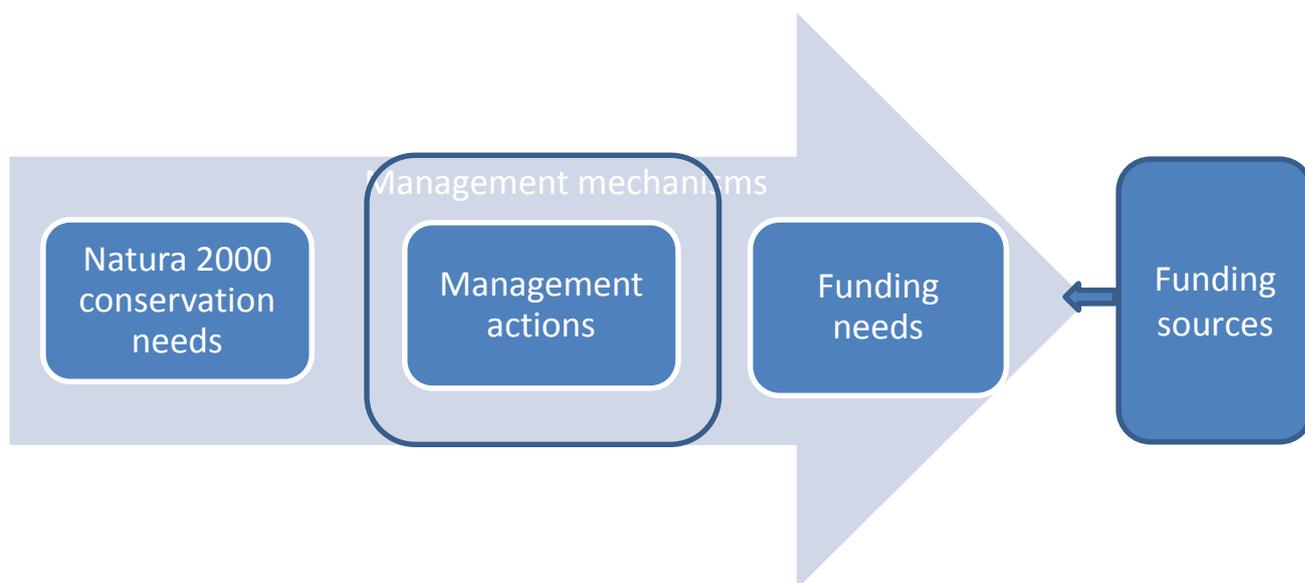
Conservation need, management and funding

Analysis of financing opportunities must be based on a sound assessment of management and financial needs of Natura 2000 sites. This can be developed by drawing out the conservation issues that need to

be addressed, the mechanisms that can be used to facilitate their management and the management actions that are, in turn, required to deliver them.

Figure A provides a schematic overview of the core components of a framework through which a series of logic pathways can be developed that map out the linkages between specific conservation needs and funding needs, which can then be drawn on for future funding appraisals. At this stage, a detailed picture of the conservation and management needs is still being developed. As such, our approach utilised typologies of management mechanisms, management actions and funding sources which can be drawn together using matrices. This forms the basis of our review of likely opportunities and actions to capitalise on these, which can be investigated as part of the detailed funding appraisal for the PAF.

Figure A: Basic Framework for Establishing Natura 2000 Funding Needs



Management actions are the actions that deliver the changes required to address the identified pressures and threats, via the appropriate management mechanism. It is these actions that require funding and provide the basis on which the funding analysis can be taken forward. A range of actions can be taken. European Commission (2013) sets out a typology which utilises a list of 25 Natura 2000 management measures (see Table 2.1) which have in turn been used in the Wales PAF. These consist of four groups of measures relating to: establishment of Natura 2000 sites, management planning, ongoing habitat management and monitoring, and investments.

Management mechanisms are the instruments through which the actions to address the conservation needs can be delivered. Two internal research reports by NRW (Natural Resources Wales, 2014), which draw on the views of site managers and other relevant stakeholders, were used to inform our understanding of these issues and as a basis for selecting the mechanisms considered in this research. In some instances these are well aligned with specific management actions.

Mapping funding sources to management actions and management mechanisms

Funding for the Natura 2000 network can be provided through a variety of different types of instruments and whilst the funding options are diverse they are also highly fragmented, creating gaps and discontinuities. We have categorised the available funding sources by five main types:

- Public funding - NRW funding is the most direct and dedicated source of funding support to the Natura 2000 network in Wales, reflecting NRW's statutory responsibility for the network.
- EU funding: A number of different EU funding instruments are relevant for funding Natura 2000 (e.g. European Agriculture Fund for Rural Development, EAFRD), however it should be noted that only LIFE provides dedicated support to biodiversity and Natura 2000.

- Other sector plans, strategies and public funds: Natura 2000 may potentially also benefit from other public sector budgets, where the needs of the network align with other policy objectives, such as flood and coastal erosion risk management.
- Private, Lottery and voluntary sector funds: Funds are made available by organisations including businesses and charitable trusts – either in the form of financial assistance through grants or sponsorship, or through direct management activities.
- Alternative funding approaches: Other funding sources are more emerging or unproven, or focus on areas with a more indirect link to Natura 2000 management (such as skills, training and monitoring infrastructure). A number of these seek to capture private sector funding by capitalising on the ecosystem service benefits that Natura 2000 sites provide. By developing alternative funding sources, or by utilising approaches that remove the funding need by encouraging direct private sector management actions, the financial burden on the public sector is reduced, allowing core public funds to be directed to other areas of funding need.

Funding sources for management actions

Different funding sources are suited to different management actions. Table 3.3 in the main report provides an overview of the potential for funding sources to fund management actions. It demonstrates that there are multiple potential funding sources available for each management action. However in reality the applicability of each funding source will depend on the characteristics of the individual management action being undertaken i.e. where it is, what issue it is addressing, who it affects and what are its broader non-conservation objectives or impacts.

Some funding sources demonstrate potential wide applicability in terms of actions, such as the Heritage Lottery Fund. For HLF, a range of conservation activities relating to habitats, surveying and monitoring, management planning, staffing, skills and land purchase can be funded, in line with the broad focus of the funding source. However, projects are time-limited and access to the funding is constrained by limits on and competition for the available finance, the up-front resources required to prepare a bid, and the ongoing administrative resources required to service a grant.

EU funds provide for a broad scope of potential management actions. Notably a number of EU fund articles – principally in the EAFRD, EMFF and LIFE in particular – include specific references which support Natura 2000 or biodiversity conservation objectives, but have many other competing priorities.

Funding sources for management mechanisms

Management mechanisms are the instruments through which the management actions to address the Natura 2000 conservation needs can be delivered. A number of different management mechanisms can be used to deliver management actions for Natura 2000 sites. Four general linkages between management mechanisms and funding can be identified:

- Management mechanisms with associated dedicated funding which can be used to deliver management actions for Natura 2000, for example Glastir agri-environmental agreements.
- Management mechanisms which may deliver management actions for Natura 2000 but require funding to unlock their use. Existing funding sources may provide short term funding for projects that aim to catalyse the development of longer term mechanisms for ongoing funding and management (e.g. LIFE funded projects to develop and trial payments for ecosystem services).
- Management mechanisms may reduce the need for Natura 2000 funding (e.g. integration of management needs into other sector plans could reduce requirements for dedicated conservation activity).
- Management mechanisms which require funding and do not deliver management actions per se, but can enhance the effectiveness of management actions or reduce the need for Natura 2000 management action funding (e.g. wider use of investigation and enhanced enforcement of existing rules could benefit the network but would require additional funds for delivery).

Opportunities, limitations and actions for enhancing and increasing use of funding sources

Despite the potential barriers, of 23 individual funding sources reviewed, 15 were considered to have a low level of current usage and only five were considered to have limited scope to increase or enhance their use.

NRW

NRW has a significant focus on biodiversity conservation and a responsibility to deliver the Natura 2000 statutory obligations for Wales on behalf of the Welsh government. Funding can be used flexibly for a variety of conservation actions, importantly including those actions often difficult to fund through other means, such as employment of staff responsible for overseeing the management of the network.

However the NRW budget is expected to face ongoing cuts in future years and this will place increasing pressure on less routine aspects of Natura 2000 management. Indeed there are already insufficient funds to undertake many necessary management actions or even, in some cases, routine monitoring and investigation activities.

A structured funding prioritisation framework (linked to the PAF) could help maximise the impact of NRW funds for Natura 2000 sites, channelling them to those where opportunity to capture funding from other sources is more limited (e.g. staff costs) or to where activity would be most beneficial.

EU Funds

Wales benefits from substantial investment from a range of EU funding sources. In 2007-2013, these amounted to £1.9bn of grants and match-funding, spurring a total investment of £3.7bn and substantial private sector activity and job creation.

Evaluation of EU Structural Funds in the 2007-2013 period indicates that investments in environmental projects or research and innovation activities linked to the green economy generated better returns on investment than direct investments in skills and training programmes. In spite of this, use of EU funds in areas linked to Natura 2000 management and conservation activities in general is scarce in Wales, in part because of the substantial technical and resource requirements necessary to prepare and manage projects supported by these funds.

For many of the EU funds (notably EAFRD and EMFF) there has been a notable increase in the number of Articles directly and indirectly allowing integration of Natura 2000 needs under the 2014-2020 funding period. This may aid the relative standing of Natura 2000 related funding applications and presents an opportunity to increase use of EU funds.

Another significant opportunity is through revisions to Glastir under the RDP (EAFRD). The scale of the funding available to area-based measures (including agri-environment schemes), together with the fact that the majority of terrestrial Natura 2000 sites in Wales are on private farmland, suggests that the EAFRD/RDP has substantial potential to fund Natura 2000 management needs. Ongoing Natura 2000 management and monitoring funding needs for agricultural and forest land uses are estimated at £10.5m/yr within the 2013 PAF, which compares to an annualised figure of available RDP funds under area-based measures of £114m. Figures from 2012 demonstrate that actual RDP expenditure amounted to a small fraction of that forecast, although figures for 2014 showed a significant increase. A number of significant revisions are proposed for Glastir under the 2014-2020 RDP, which should foster significant increases in uptake, and therefore expenditure through Glastir, and improved effectiveness of expenditure.

At a strategic programming level, how EU funds are spent in Wales is determined in Operational Programmes (OPs) (and the Rural Development Plan for the EAFRD). These set out, within the EU-generated parameters, the spending priorities for the funding period. However, OPs for the current EU funding period (2014 to 2020) place limited emphasis on Natura 2000. Opportunities in future funding programmes would be enhanced by a comprehensive picture of the conservation issues and management needs for Natura 2000 sites, along with a clear understanding of how they relate to particular aspects of each fund. This would provide an organised and evidenced approach to influencing

the OP design and help to secure greater emphasis on Natura 2000, and hence open up a larger window for successful Natura 2000-related projects to receive funding.

A number of actions could be taken to try to promote and enhance the success of Wales Natura 2000 linked bids to competitive funds (EU and non-EU). These include:

- **Wider dissemination of best practice.** Evidence suggests that a lack of data and information relating to previous funding applications results in substantial duplication of effort or, more often, the decision not to proceed. For many funds (particularly LIFE and EMFF) experience of applications to Natura 2000 management is limited or non-existent in Wales. Better access to examples of best practice in Wales would be useful (such as the LIFE Anglesey Fens project, which is being used to demonstrate best practice for financial auditing and reporting of projects) and examples from elsewhere in the UK could also be drawn up, given the relative scarcity of case studies for some funds in Wales. Wider use of the BetaEurope support service can underpin establishment of best practice.
- **Further development of discretionary funds to support funding applications.** Development of funding applications requires substantial upfront investments in coordination, evidence gathering and partnership development, and a key issue is the alignment of NRW annual funds with timeframes for EU funds and other funding sources. This can create problems for the identification of match funding in practice. Extension of the WEFO Targeted Match Fund could support applications for Structural Funds but there is a need for support to early costs of bid development. The SCoRE Cymru Fund (which currently supports the formation of academic bid partnerships in connection with H2020 Research and Innovation Funding) could be meaningfully extended to other partners to foster wider engagement with conservation management research. Similarly, the NRW Partnership Funding facility could be used to target the development of new funding partners in connection with EU funds, beyond established relationships to new opportunities (such as skills and education or tourism). The success of the Nature Fund has highlighted the potential of discretionary funding for developing partnerships that can secure other long-term funding arrangements. Such a fund could also be instrumental in providing 'top-up' match funding, similar to the WEFO Targeted Match Fund available to Operational Programmes
- **Greater strategic coordination of funding applications.** Given the substantial resource requirements necessary to develop many funding applications (particularly for EU funds), greater coordination between programmes and projects could increase the efficiency of developing applications. Further, co-ordinated applications at a more strategic level can be used to increase the scale of funds sought. For EU funds in particular, many Natura 2000 projects are far too small to be appropriate when applying individually. This is particularly relevant for issues which may be less site-specific, such as marine fisheries where similar issues and needs may touch multiple Natura 2000 sites. Developing co-ordinated bids would require some central resources as site-level staff would not be unlikely to dedicate the necessary time on work for which many of the benefits will be captured elsewhere.
- **Support and capacity building for funding bid preparation and ongoing management.** There is a need to build capacity in Wales regarding skills for bid preparation, including integration of project management processes and management of external finance. Support is also needed to help projects 'deliver' by providing advice and resources for project managers. Common best practice resources would be helpful in this regard, since most projects have to address the same issues (e.g. communication, stakeholder analysis, promotional materials, financial control and reporting). There is evidence of substantial duplication of efforts between projects at present. Standard guidance or templates would streamline delivery in this regard.

Other sector plans, strategies and public funds: opportunities, limitations and actions

In addition to conventional sources of funding for Natura 2000, the nature of the network means that its management is closely linked to a number of policy priorities and programmes in other sectors. In some cases, this could point to additional funding sources for site management. In some instances these funding sources may be directly accessed, in others the funding need can be reduced by integrating Natura 2000 management needs into the plans and projects delivered by other sectors.

The EU Water Framework Directive is spurring major investment across the water cycle and the difficulty of ensuring compliance with many aspects of the Directive is spurring engagement with innovative upstream approaches such as habitat restoration. In Wales it appears that investment in Natura 2000 management has been held back by a lack of strategic WFD integration within policy drivers and the fact that databases of WFD measures and Natura 2000 actions (Actions Database) are not fully integrated. The latter should be relatively easy to address.

For marine and wetland Natura 2000 sites, a key management issue highlighted by stakeholders and published evidence is a lack of underlying evidence on which to develop management plans. Existing funds in this sector can contribute to the evidence base for managing sites whilst supporting the diversification of fisheries toward more sustainable practices.

Flood and coastal erosion risk management (FCERM) is a major area of public expenditure, and competition for investment is increasing in many areas as storm, erosion and flood incidences increase. Opportunities for directly integrating Natura 2000 needs include the National Habitat Creation Programme (NHCP), which is in place to provide compensation for Natura habitat that is expected to be lost via FCERM future schemes. Another is the use of natural processes for FCERM, linked in part to the anticipated lower ongoing maintenance costs associated with such schemes. Such solutions often require the use of larger areas covering more habitat types so potentially offer opportunities for environmental enhancement actions and taking a broader, strategic view of the opportunities.

There are a number of limitations to the potential for integration. Fundamentally it is constrained by the need for sector expenditure to be focussed on sector objectives. That is, environmental enhancement expenditure linked to a proposed plan or scheme must still align with that sector's priorities (e.g. flood defence) or fund theme (e.g. research activities). This may limit the scale of action that may be feasible. In many instances an ecosystem services framework can be used to overcome this limitation by demonstrating the enhanced economic benefits of building in environmental enhancements – either directly to the policy area or more broadly to the sum of total benefits of a policy action or project.

It should also be recognised that where integration is sought with particular projects or schemes, there are likely to be geographical constraints – both in terms of the overlap with Natura 2000 and in terms of the relative scale compared to the management issue. For example, WFD and FCERM may provide significant funding opportunities only in specific Natura 2000 areas and for particular conservation issues.

Fundamentally, achieving integration requires significant levels of engagement and awareness raising with relevant parties, which demands substantial staff time without any associated funding. Increased integration benefits from early engagement in plan and strategy development in order to highlight opportunities for incorporating environmental enhancements that address Natura 2000 needs. In particular, there is a need for strategic level engagement at a landscape level to integrate sector plan, strategy, project and scheme activities with neighbouring areas.

However achieving improved integration need not require pro-active engagement, but can be reactive in response to consultations. Typically consultation responses on plans, strategies, projects and schemes focus on avoidance of negative impacts in relation to Habitat Regulations, with less emphasis on the potential for positive environmental enhancement. Improving the flow of positive ideas is an opportunity for increasing the integration of Natura 2000 management needs into plans, strategies, projects and schemes. This could involve identifying complementary or coherent activities or nature-based solutions to replace typical grey-infrastructure solutions.

Alternative funding approaches: opportunities, limitations and actions

A range of alternative funding sources could help to address some of the funding gaps for Natura 2000 management. Some of these are more innovative or emerging in nature, whilst others seek to tap charitable and third sector resources in new ways to address emerging needs for the network. A number of the opportunities that have been identified are market-based approaches, such as PES and marketed products. These approaches have the potential to raise finance for undertaking management actions, and/or incorporate the required management as part of implementing the particular approach.

Where market-based approaches are successful they hold the potential to be sustainable over the long-term with limited public sector support. However to-date they typically operate on relatively small scales and in underdeveloped markets and over the short term are likely to make only a minor contribution to addressing funding needs. Further, they can be constrained by specific site characteristic requirements or by high transactions costs which may limit the ability to deliver economically viable approaches.

Continued investment in the theory and practical applications of many alternative funding approaches is required in order to develop the understanding, institutions and frameworks for their successful application and development. In this sense, unlocking the potential of alternative approaches is necessary and will require investment, and hence funding of its own.

There are funding facilities available for such purposes, notably LIFE (including the new Natural Capital Financing Facility) and EAFRD (RDP). Using time-limited funding may help to prove the concept and establish schemes which are sustainable in the longer term.

1 Introduction

This report (and its companion Excel spreadsheet output) was produced by ICF International as part of a contract with Natural Resources Wales (NRW), exploring existing and potential funding options for Natura 2000 in Wales. It acts as a form of 'funding map' and a resource through which to understand the potential of different funding types to address the anticipated Natura 2000 funding gap. As such it provides an important step in enabling a detailed appraisal of funding options to occur as part of the LIFE Natura 2000 Programme Prioritised Improvement Plans (PIPs), Thematic Action Plans and the Prioritised Action Framework for Wales (PAF) development, once the conservation and management needs of Natura 2000 in Wales have been drawn together and finalised.

1.1 The Context

1.1.1 Financing Natura 2000

Natura 2000 is the network of the EU's most special nature sites, and comprises some 18% of the EU land area.

Natura 2000 sites form the centrepiece of the EU's biodiversity policy, and their protection and management play a key role in efforts to halt the loss of biodiversity. Target 1 of the EU Biodiversity Strategy therefore specifies the need for full implementation of the Birds and Habitats Directives, in order to secure measurable improvements in the status of species and habitats. Natura 2000 sites are also recognised by the EU Green Infrastructure (GI) Strategy as forming the heart of the EU's green infrastructure and ecological networks, providing a reservoir of biodiversity that can be drawn upon to repopulate and revitalise degraded environments and catalyse the development of GI.

Research demonstrates that Natura 2000 sites deliver a wide range of benefits to people and economies across the EU (e.g. ten Brink *et al.*, 2011). These have been assessed using an ecosystem services framework and include a range of provisioning (e.g. fresh water, food and timber), regulating (e.g. climate regulation, flood management, erosion control) and cultural services (e.g. education, tourism and recreation, aesthetic and existence values), as well as the supporting services that underpin these. Ten Brink *et al.* (2011) estimated the value of these services at €200-300 billion annually across the EU.

Securing and enhancing the benefits that Natura 2000 offers depends on effective implementation and management of the network. Currently, across the EU as a whole, too few resources are devoted to management of the network. As a result of under-management, as well as a combination of external pressures (such as pollution), a minority (17%) of assessments of species and habitats covered by the network indicate that they are in favourable conservation status. More resources are needed for conservation management, as well as to enhance the opportunities for people to benefit from Natura 2000 sites.

Across the EU as a whole, the annual cost of full implementation of the network has been estimated as approximately €5.8 billion (Gantioler *et al.*, 2010). While current spending has not been quantified precisely, it is clear that there is a significant funding gap at present. Submissions by the UK government to the EC also indicate a need for additional funding for Natura 2000. Similar conclusions were reached in previous assessments (GHK, 2006, 2010) of the costs of delivering habitat and species action plans in the UK.

Article 8 of the EU Habitats Directive committed the EU to provide co-financing for the implementation of the network. After considering various options to fund the network in 2001/02, the Commission decided on an "integrated financing" model through which Natura 2000 would be funded through a range of EU instruments (including the Structural and Cohesion Funds, Common Agriculture Policy (CAP) and LIFE) rather than a single dedicated instrument.

Since then, there have been efforts through successive budget rounds to enhance EU funding for Natura 2000 by demonstrating the benefits of Natura 2000 to a range of different policy agendas (e.g. tourism and economic development, fisheries management, sustainable agriculture, employment and training, health, education, research and innovation). Guidance has been produced to demonstrate the range of benefits of the network and the applicability of different funds to different Natura 2000 management actions. In the latest budget round, Prioritised Action Frameworks (PAFs) have been used as planning tools to identify key priorities and provide an integrated overview of the use of different financing instruments for Natura 2000, although Member State authorities are not mandated to reflect these within their policies. In Wales, the LIFE Natura 2000 Programme will inform the next version of the PAF.

Unfortunately, the LIFE Programme commenced too late to influence the current round of programme documents for the European Structural Funds. According to stakeholders, the use of Structural Funds in Wales is dominated by business and economy interests and these groups have generally not been receptive to guidance on the benefits of Natura 2000 or the natural environment.

While much of the focus at EU level has been on enhancing funding from the EU budget, it is recognised that other sources of public funding, private sector and Non-Governmental Organisation (NGO) finance are also important.

For example, Natura 2000 sites offer potential to enhance public health, acting as “green gyms” and offer important opportunities for education and scientific research. This offers potential for funding opportunities from health and education budgets for targeted activities that offer relevant benefits. Payments for ecosystem services such as carbon storage, flood retention, water purification, as well as the provision of public goods such as landscape and biodiversity, offer new potential funding sources, both from public sector buyers (e.g. agri-environment schemes) as well as privately funded Payment for Ecosystem Services (PES) schemes (e.g. payments from water companies, carbon offsetting schemes).

1.1.2 The Wales Natura 2000 LIFE Programme

Wales has 20 Special Protection Areas (SPAs) and 92 Special Areas of Conservation (SACs), which together span more than 700,000 hectares, comprising 8.5% of the Welsh land area and 35% of territorial waters. The network therefore comprises a significant portion of Wales’ territory, requiring substantial levels of conservation and management activity, and affecting a large number and range of landowners, land managers and other stakeholders.

However, as in the EU as a whole, much of the network is in unfavourable conservation status, and great efforts are needed for restoration and management activities if it is to achieve its potential. In more than 50% of occurrences in Wales, the species and habitats protected by the network are in unfavourable condition (Natural Resources Wales, 2014), emphasising the need for focused and coordinated action. A review of SACs in 2010 found that only 27% of designated habitats and species within SACs were considered to be in favourable condition, and 11% in a process of recovery. Significant inputs of financial resources are needed for site restoration and management.

In order to enhance management of the network, NRW was awarded LIFE+ funding for a project, LIFE Natura 2000 Programme for Wales (LIFE 11 NAT/UK/385). The purpose of the project is to develop a strategic, prioritised programme for the management and restoration of Wales’ Natura 2000 sites. The programme will enable Wales to make significant progress towards bringing the designated Natura 2000 habitats and species into favourable condition and help Wales to meet its commitments under the European Habitats and Birds Directives.

The LIFE N2K Wales Programme is identifying actions required to address pressures and threats with are adversely affecting Natura 2000 habitats and features. The actions, which focus on the period 2015-20 and are prioritised and costed, are presented within site Prioritised Improvement Plans and Wales-wide Thematic Action Plans. Financing needs for Natura 2000 in Wales

The revised Wales Prioritised Action Framework (PAF) highlights recurrent annual costs of around £13.8m/yr and one-off costs of £3.1m for the network as a whole (Welsh Government, 2014). This study builds the previous draft PAF, which produced initial estimates of these costs (Welsh Government, 2014). These figures were extracted from Welsh contributions to a 2009 EU-wide survey of Natura 2000 financing requirements and are only approximate, however these figures give a useful indication of the relative burden of costs between one-off costs and ongoing management of site. This is useful for prioritising assessment of funding sources towards the areas of greatest need.

The LIFE Natura 2000 Programme will inform the Welsh element of the 2015 version of the UK Prioritised Action Framework (PAF). Much more accurate costings will be generated than previously and a range of funding sources will be identified.

As in most other areas of Europe, the current costs of managing the network are borne almost entirely by public authorities. As NRW works to promote an ecosystem approach to natural resource management, the range of beneficiaries from larger (landscape and ecosystem level) projects points to a need for a corresponding diversification of sources of funding and support. Across the EU as a whole, there are opportunities to diversify funding for Natura 2000 by capitalising on the range of public and private benefits derived from the network (Kettunen, et al, 2014).

1.2 Aims and purpose of the research

A lack of awareness of the full range of potential funding sources is thought to limit the breadth of management mechanisms (and actions) that site managers consider when establishing their action plans. Further, there is a recognised shortfall in core funding available for Natura 2000 management. To address these issues, a broader set of funding sources needs to be identified and actively considered, along with actions to improve access and use of the range of funding sources available. Existing studies by NRW have highlighted some current and emerging mechanisms for financing Natura 2000 sites. However, a more comprehensive approach is needed to gain a better understanding of the range of opportunities available to meet the needs of the Welsh Natura 2000 network.

Management of the Natura 2000 network is carried out in line with 25 prescribed 'management actions' set out by the provisions of Article 6 of the Habitats Directive (European Commission, 2013). These actions describe key challenges to be addressed at each stage of establishment, management, monitoring and investment in the site. Member States are then able to design 'management mechanisms' to put these actions in place and to align them with the specific institutional landscape and conservation needs associated with their network. Once these are in place, suitable funding is required to deliver the management actions through the management mechanisms (see Figure 2.1).

This study directly addressed these needs by reviewing the potential range of funding options available for Natura 2000 management. In addition it evaluates their relevance with regard to the management actions that may be required and the management mechanisms which may be used to implement such actions.

The research also aimed to develop an understanding of potential actions that could be taken to increase the access and uptake of funds to aid in the delivery of Natura 2000 management. A key element within in this is exploring the opportunities for the greater integration of Natura 2000 management with the core EU funding programmes and other sector plans. The Welsh PAF and the LIFE N2K Wales Programme will form the basis for influencing the content of future EU funding applications and funding programmes in Wales (and other identified funding sources), to recognise the importance of Natura 2000 sites and the ecosystem services they provide, and to integrate Natura 2000 needs into their policies and targets.

Ultimately the outputs of this research provide an indication of the potential Natura 2000 funding options available for different purposes in Wales. As such, it is an important step in enabling a broad ranging appraisal of funding options to occur as part of the PAF development,

once the conservation and management needs of Natura 2000 in Wales have been drawn together and finalised.

1.3 The study approach and methodology

Our study approach was designed to bring together the key elements required for understanding what the main opportunities are for expanding or enhancing funding for Natura 2000 and what can be done to help capitalise on these opportunities. The project therefore undertook the following tasks:

- Establish a bibliography of funding sources.
- Review a long list of funding sources and opportunities for their enhanced use and access.
- Review funding options for a short list of management mechanisms.

The review elements of the project were based upon secondary information sources and primary research:

- Desk-based review of available documentation, including: funding source websites, programming strategies, guidance documents and reviews.
- Interviews with stakeholders were carried out during late November and December 2014. In total 30 individuals/organisations were interviewed. The purpose of the interviews was to gather information about the type of funding options currently pursued and views and opinion on funding opportunities and limitations and what could be done to aid improved access / enhanced use of these opportunities. Table 1.1 provides a summary of the types of organisation/individual interviewed and the key issues on which information and opinions were sought:

Table 1.1 Focus of project interviews

Stakeholder group	Issues covered
Management mechanism practitioners	Monitoring needs – funds for routine management – maintenance costs – skills needs – data/evidence quality and access – prioritisation of management actions
EU fund administrators	Securing match funding – complexity of application processes – funding needs against management needs – effectiveness of past applications
Other fund administrators	Management needs – partnership working – resource requirements for funding applications
Other sector plans	Links between regulatory drivers and conservation management – use of management agreements
Alternative approaches	Ongoing funding support – policy drivers – partnership working

1.4 Structure of this report

The remainder of this report is structured as follows:

- Section 2 presents a discussion of the linkages between management needs and funding. Specifically it emphasise the links between management action, management mechanism and funding which is then used as a framework for the assessment.
- Section 3 introduces the types of funding available, providing an overview of the key types, the types of management actions that they can potentially fund and the types of

management mechanism they can potentially be applied through. It draws on the detailed review work which is presented in the Annexes.

- Section 4 presents an assessment of the scope for enhanced use of each of the identified funding sources, along with an overview of the potential opportunities, limitations and action to enhance access/application by funding type.
- Section 5 presents the conclusions regarding funding opportunities, limitations and actions to enhance use/uptake.
- Annexes: a series of supporting annexes are presented which provide further detail on the issues discussed in the main part of the report. In particular, Annexes 2 to 5 present a series of reviews of potential funding sources and the opportunities and limitations associated with each.
- Excel spreadsheet output: a separate Excel spreadsheet provides a review of:
 - The principal opportunities for new, additional or enhanced funding for current/potential management mechanisms and new management mechanisms (as identified by NRW), and their limitations and actions to enhance use/access.
 - The principal opportunities, limitations and actions for enhancing use of a number of promising new funding approaches/sources.

2 Conservation Need, Management and Funding

2.1.1 Overview

Analysis of financing opportunities must be based on a sound assessment of management and financial needs of Natura 2000 sites. This requires an understanding of:

- The management priorities for the sites in question.
- The implications of these priorities for capital investment and ongoing management activities.
- The financial resources required to meet these priorities, both in terms of one-off capital costs and ongoing management expenditures.

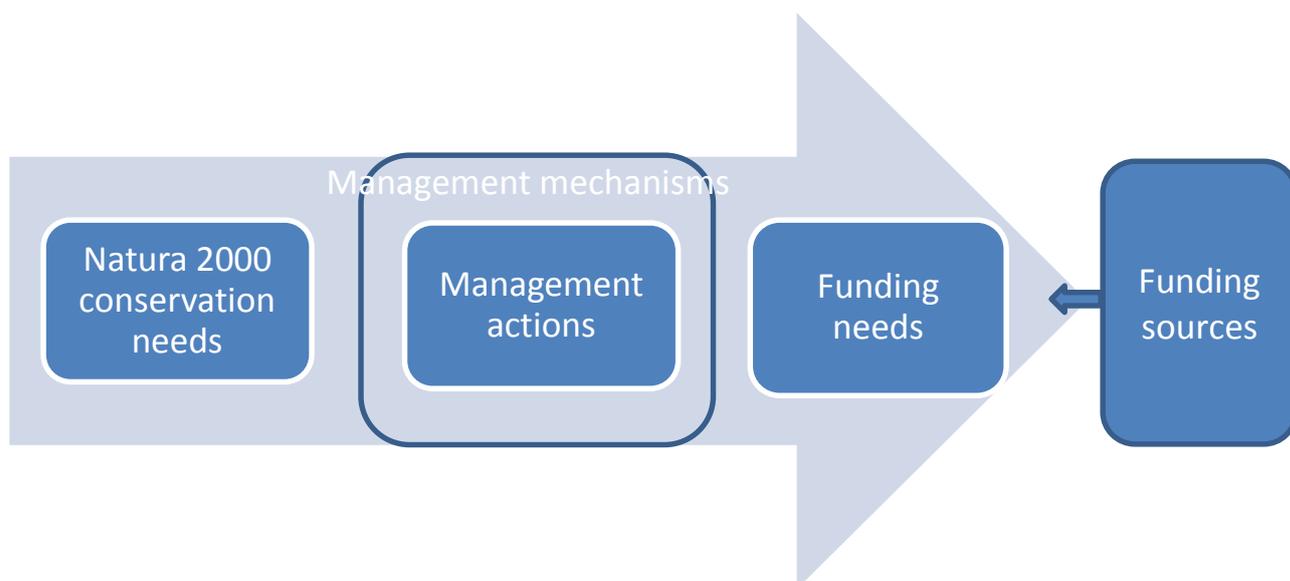
This can be developed by drawing out the conservation issues that need to be addressed, the mechanisms that can be used to facilitate their management and the management actions that are, in turn, required to deliver them.

Linking Natura 2000 funding opportunities to conservation needs, management mechanisms and actions is an inherently complex undertaking, with a range of possible relationships and pathways between each element depending on particular circumstances. In order to facilitate a robust, relevant appraisal, a suitable organising framework is therefore required which can capture this information and enable the logical pathways between each element to be drawn out.

Figure 2.1 provides a schematic overview of the core components of the framework. Utilising this framework, a series of logic pathways can be developed that map out the linkages between specific conservation needs and funding needs, which can then be drawn on for the funding appraisal.

At this stage, a detailed picture of the conservation and management needs is still being developed. As such, our approach utilises typologies of management mechanisms, management actions and funding sources which can be nested in the basic framework in Figure 2.1. This forms the basis of our review of likely opportunities and actions to capitalise on these, which can be investigated as part of the detailed funding appraisal for the PAF.

Figure 2.1 Basic Framework for Establishing Natura 2000 Funding Needs



2.2 Conservation need

Wales' Natura 2000 sites face considerable challenges from both human and natural pressures and threats and around two thirds of designated species and habitats (features) on these sites are in unfavourable condition. In 2013 the LIFE Natura 2000 Programme for Wales undertook research to identify the issues (pressures) that are currently adversely affecting Natura 2000 features and those factors which are likely to be a risk (or threat) in the future. It determined those issues and risks which are having the most widespread and profound impact across the whole of Wales. It is these issues and risks which articulate the strategic conservation needs for the Natura 2000 network in Wales. Conservation issues and risks differ by habitat type and species and geographical scope. However they have been summarised for three major habitat groups:

- Terrestrial habitats, including mountains, moorlands and heaths, semi-natural grasslands, enclosed farmland and woodland areas;
- Freshwater and wetland habitats; and
- Marine habitats

Significant conservation needs on land include tackling air pollution and impacts associated with livestock farming. The latter include unsuitable grazing (undergrazing, overgrazing and inappropriate type and timing) and associated outcomes such as scrub invasion, as well as other factors such as poaching and supplementary feeding.

In freshwater and wetland habitats, water pollution from diffuse sources, invasive species and human alterations to hydraulic conditions are the major challenges from a conservation perspective. Insufficient grazing or mowing are also key issues for wetlands. Air pollution is also a challenge for these areas.

In marine settings, both diffuse and point-source water pollution represent a challenge for the management of Natura 2000 features, as does discharge of solid waste. Coastal flood defence and erosion control is also a major challenge in many areas, as is the growth of invasive non-native species and marine fisheries are also an issue.

Climate change and habitat fragmentation have adverse impacts across ecosystems, and thus require a more strategic approach in the management of the network.

2.3 Management mechanisms and actions

2.3.1 Management actions

Management actions are the actions that deliver the changes required to address the identified pressures and threats, via the appropriate management mechanism. It is these actions that require funding and provide the basis on which the funding analysis can be taken forward. A range of actions can be taken. European Commission (2013) sets out a typology which utilises a list of 25 Natura 2000 management measures (see Table 2.1) which have been used in the Wales PAF. These consist of four groups of measures relating to:

- Establishment of Natura 2000 sites.
- Management planning.
- Ongoing habitat management and monitoring.
- Investments.

Table 2.1 outlines the type of management actions contained within these four groups of measures.

Table 2.1 Typology of Management Actions

	No.	Type of management action	Further explanation
Establishment of sites	1	Administration of the site selection process	Carrying out the selection process.
	2	Scientific studies/inventories for the identification of sites – surveys, inventories, mapping, condition assessment	Scientific studies, research personnel, workshops and meetings, creation of databases etc.
	3	Preparation of initial information and publicity material	Including handbooks, seminars, workshops, communication materials for training and capacity building.
	4	Pilot projects	Initial ‘trial’ projects at sites.
Management Planning	5	Preparation of management plans, strategies and schemes (including scientific studies and investigations needed for planning and implementation based on solid knowledge)	Elaboration and/or update of management and action plans, land use plans etc.
	6	Establishment of management bodies	Feasibility studies, management plans etc.
	7	Consultation – public meetings, liaison with landowners	Organisation of meetings and workshops, publication of consultation outcomes, financial support of stakeholders, etc. Can include networking activities (travel, meetings and workshops).
	8	Review of management plans, strategies and schemes	Review and updating of management plans and strategies.
	9	Running costs of management bodies (maintenance of buildings and equipment)	Including: running costs incurred to meet depreciation of infrastructure, consumables, travel expenses, rents and leases etc.
	10	Maintenance of facilities for public access and use of the sites, interpretation, observatories and kiosks etc.	Including costs related to guides, maps, related personnel.
	11	Staff (conservation/project officers, wardens/rangers, workers)	Ongoing staffing requirements
Ongoing habitat management and	12	Conservation management measures – maintenance and improvement of habitats’ favourable conservation status	Including restoration work, provision of wildlife passages, management of specific habitats, and preparation of management plans.
	13	Conservation management measures – maintenance and improvement of species’ favourable conservation status	Including restoration work, provision of wildlife passages, management of specific species (flora and fauna) and plans.
	14	Conservation management measures in relation to invasive alien species (IAS)	Including restoration work, infrastructure, management of specific species, and preparation of management plans.

	No.	Type of management action	Further explanation
	15	Implementation of management schemes and agreements with owners and managers of land or water to follow particular prescriptions.	Includes: <ul style="list-style-type: none"> • <i>Agri-environmental measures</i>, e.g. wildlife-friendly production methods, habitat restoration on agricultural land, extensive livestock breeding, conservation of meadows, etc • <i>Forest-environmental measures</i>, e.g. creation of exploitation-free zones, retention of dead wood, control or eradication of invasive alien species, afforestation or reforestation activities, management of specific vegetation, etc. • <i>Aqua-environmental measures</i>, e.g. habitat maintenance in aquaculture zones etc. (relates to aquaculture rather than fishing).
	16	Provision of services: compensation for rights foregone and loss of income and developing acceptability 'liaison' with neighbours	Compensation needs, e.g. to farmers, foresters or other land owners or users for income forgone as a result of management prescriptions needed for Natura 2000.
	17	Monitoring and surveying	Includes development of monitoring plans, methods and equipment and training of personnel.
	18	Risk management (fire prevention and control, flooding etc)	Includes the preparation of wardening and fire-control plans, development of relevant infrastructure, and equipment purchase.
	19	Site surveillance	Includes on-going surveillance, wardening and patrolling activities. Can include personnel costs, consumables, travel, etc in order to implement surveillance and guarding activities, including surveillance to control harmful recreational or economic activities and protect against wildfires.
	20	Provision of information and publicity material	Includes establishing communication networks, producing newsletters and awareness-raising and information materials, setting-up and maintaining internet pages, etc.
	21	Training and education	Including production of handbooks, seminars, workshops and communication materials.
	22	Facilities to encourage visitor use and appreciation of Natura 2000 sites	
Investment Costs	23	Land purchase, including compensation for development rights	Land purchase to achieve environmental protection and management schemes.
	24	Infrastructure needed for habitat or species restoration	Includes an array of measures for the creation of specific infrastructure for the management of the environment, e.g. for water management in peat bogs and mines. Can include equipment acquisition (for equipment relevant to the running of protection and management institutions such as office and IT equipment, monitoring materials, boats, diving equipment, cameras, etc.)
	25	Infrastructure for public access, interpretation, observatories and kiosks, etc.	Infrastructure for public use that is conducive to environmental protection and management (e.g. infrastructure to increase the amenity value of sites such as signage, trails, observation platforms and visitor centres).

European Commission, 2013

2.3.2 Management mechanisms

Management mechanisms are the instruments through which the actions to address the conservation needs can be delivered. Research reports by NRW presented in two internal studies (Natural Resources Wales, 2014), which draw on the views of site managers and other relevant stakeholders, have been used to inform our understanding of these issues and as a basis for selecting the mechanisms considered in this research. In some instances these may be well aligned with specific management actions.

Table 2.2 Typology of current management mechanisms

Type of management mechanism	Further explanation
Management plans	Review and production of Natura 2000 and issue-specific plans
Investigation	A means of gathering identifying the causes of site issues
Glastir agri-environment agreements	Compensation payments to landowners engaging in landscape and agri-environmental management activities
NRW land-use management agreements	Management agreements between NRW and landowners to achieve defined ecological management objectives
Direct conservation management	Management carried out or contracted directly by NRW or other organisation with management responsibility for a site e.g. NGO or local authority
Land ownership	Acquisition of land, or development of tenancy agreements, to aid the implementation of management actions
Special initiatives/projects	Various policy, educational or technical initiatives designed to address specific or general management issues relating to sites or the network as a whole
Other sector plans	Integration of Natura 2000 needs into strategies and action plans of other sectors
Legislation and regulation	Use of legislation & regulation to control activities

Table 2.3 Typology of potential new mechanisms

Type of management mechanism	Further explanation
Promotion of social/community enterprise and green business	Use of such enterprises/businesses to deliver management actions
Incentivise site users/managers to use their skills in an alternative way to obtain positive outcomes for N2K	Financial or other incentives to encourage certain ways of working or additional tasks that address conservation needs.
Conservation covenant	Voluntary agreement between a landowner and responsible body (charity, public body/ local/central government) to give up normal rights for the benefit of conservation, for which payment is usually made
Resource sharing programme	Sharing of labour and capital resources across projects, programmes, sectors

Marketed products	Products produced on Natura 2000 sites. Most typically these may focus on premium-priced products (via certification and labelling) or finding markets for by-products generated on site
Payment for ecosystem services	A PES scheme can be used to encourage the protection and enhancement of ecosystem services through a voluntary transaction between the provider of the service and a beneficiary

2.3.3 Linking management mechanisms, management actions and funding sources

Four general linkages between management mechanisms and funding can be identified:

- Management mechanisms with associated dedicated funding which can be used to deliver management actions for Natura 2000, for example, e.g. Glastir agri-environmental agreements.
- Management mechanisms which may deliver management actions for Natura 2000 but require funding to unlock their use. Existing funding sources may provide short term funding for projects that aim to catalyse the development of longer term mechanisms for ongoing funding and management (e.g. LIFE funded projects to develop and trial payments for ecosystem services).
- Management mechanisms may reduce the need for Natura 2000 funding (e.g. integration of management needs into other sector plans could reduce requirements for dedicated conservation activity).
- Management mechanisms which require funding and do not deliver management actions per se, but can enhance the effectiveness of management actions or reduce the need for Natura 2000 management action funding (e.g. wider use of investigation and enhanced enforcement of existing rules could benefit the network but would require additional funds for delivery).

A desk-based exercise was undertaken by the project team to identify linkages between management mechanisms and funding sources by utilising management actions as the common variable for the first step and then refining this view through more detailed consideration of the mechanisms and funding sources. The outcomes of this exercise are presented in Section 3 and the Excel spreadsheet outputs.

2.4 Funding need

The funding needs for Natura 2000 in Wales are currently being assessed as part of the LIFE N2K Programme and will be articulated through the Prioritised Improvement Plans (PIPs) and Thematic Actions Plans, and the Prioritised Action Framework (PAF). The initial draft PAF, produced in 2013 (Welsh Government, 2013), gives an indication of the likely nature of the funding needs based on early estimates of costs. This is summarised in Table 2.4 and Figure 2.2.

Whilst the figures presented are expected to be subject to (potentially significant) revision, they clearly demonstrate that the vast majority of funding need is for recurrent habitat management actions, representing at least 80% of the estimated total. Moreover, the majority of these costs (over 70%) relate to Natura 2000 sites in agricultural areas. This suggests that – while a range of funding sources may be applied to the network – those applicable to ongoing management and monitoring actions – especially on farmland (e.g. the European Agricultural Fund for Rural Development) are especially relevant.

Table 2.4 Funding needs by broad management action as identified by UK PAF 2013

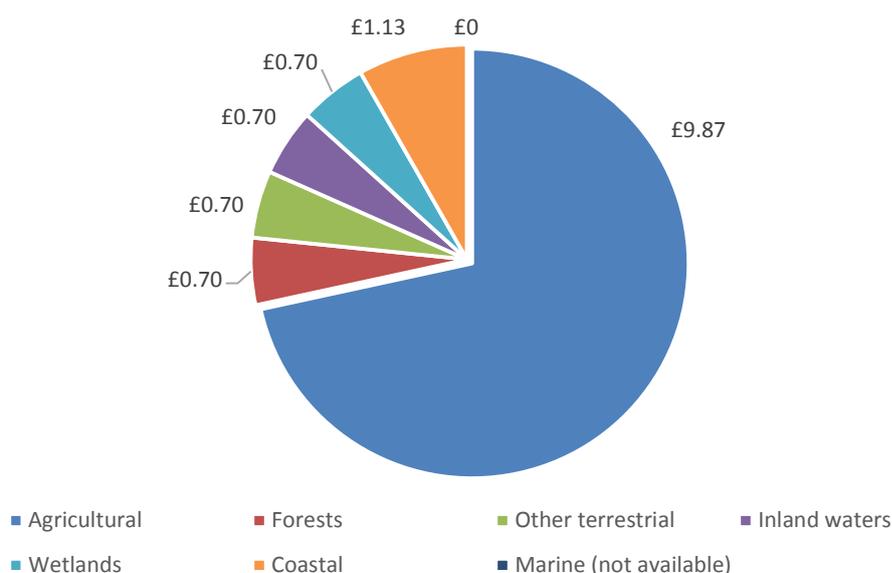
		Costs
One-off costs		
Management planning	One-off	£2.8m
Land purchase costs	One-off	£0m
Infrastructure costs	One-off	£0.3m
Recurrent costs		
Management planning	Ongoing	£0.0m/yr
Habitat management & monitoring	Ongoing	£13.8m/yr

A detailed breakdown of expected costs is not available for Wales until the final publication of the PIPs and update of the PAF at the end of 2015. However, EU level data (IEEP, 2013) suggest that the largest components of recurrent costs are:

- Implementation of management schemes and agreements;
- Running costs of management bodies;
- Direct conservation action to maintain and improve habitats; and
- Risk management (including prevention and control of fires and flooding).

Figure 2.2 shows that approximately 70% of the recurrent costs for Wales Natura 2000 sites is for sites with agricultural land-uses. A similar proportion of one-off costs also fall on sites with agricultural land-uses.

Figure 2.2 Wales annual management costs (£million) by land-use type



Source: UK PAF 2013

3 Mapping Funding Sources to Management Actions and Management Mechanisms

3.1 Introduction

Funding for the Natura 2000 network can be provided through a variety of different types of instruments and whilst the funding options are diverse they are also highly fragmented, creating gaps and discontinuities. Overall, the total level of funding directly available is insufficient and there are barriers and limitations to accessing what is available.

This section provides a summary of the main types of funding sources that are available and examines how they are relevant for financing Natura 2000 management needs. It provides:

- An introduction to the main funding types.
- A summary of the scope of applicability of different funding sources through a cross-check of the management actions that can be funded.
- A summary of the scope of applicability of different funding sources as they relate to management mechanisms.

This synthesis section draws on more detailed reviews for each funding source presented in the Annexes as well as the Excel spreadsheet outputs which detail the funding source options by management mechanism.

3.1.1 Bibliography of funding sources

Annex A provides a bibliography of funding sources that can act as a resource for prospective funding applicants for Natura 2000 related projects. By providing sources of information relating to funding rather than information on individual funds it is intended that it remains relevant as funding streams change over time. In general, references to funding opportunities are maintained by public sector organisations or charitable associations with some form of public support, although a handful of private sector resources are also available.

3.2 Types of funding source

We have categorised the available funding sources by five main types:

- Public funding;
- EU funding;
- Other sector plans, strategies and public funds;
- Private, Lottery and voluntary sector funds;
- Alternative funding approaches.

3.2.1 Public funding

Public funding for Natura 2000 is principally available through three sources: the Welsh Government (e.g. grant schemes, which may be administered by NRW), NRW and Local Authorities. In addition, National Parks have funds available which may be put towards Natura 2000.

NRW funding is the most direct and dedicated source of funding support to the Natura 2000 network in Wales, reflecting NRW's statutory responsibility for the network, and is in principle applicable to all management actions. Indeed, analysis at the EU level highlights the importance of dedicated conservation funds because of their versatility in financing a wide range of actions required, some of which, especially core administrative and managerial activities, have few alternative funding sources. Whilst the NRW operating budget is significant

in comparison to estimated funding requirements for Natura 2000, these requirements compete with funding needs for other natural resource management priorities. In the absence of a dedicated fund for Natura 2000 activities, even targeted budgets like Section 15 agreements compete with other management needs such as those relating to the Welsh network of Sites of Special Scientific Interest (SSSIs). Ongoing budget cuts and issues surrounding the timing and length of funding also create barriers to investment in some important management actions.

There have recently (as of April 2015) been major changes to the way that the Welsh Government Directorate for Environment and Sustainable Development allocates grant funding to organisations and projects – including the introduction of three competitive funding streams: core funding, local authority funding and project funding. It is envisaged that this will allow organisations to bid for grants to support them in preparing and submitting LIFE applications, as two of the key priorities of the new funding approach are: (i) increasing ecosystem resilience and delivery of Wales' commitments on biodiversity; and (ii) increasing the capacity of the environment sector, including evidence collection to support the development of ecosystem services.

3.2.2 EU funding

A number of different EU funding instruments are relevant for funding Natura 2000. However it should be noted that only LIFE provides dedicated support to biodiversity and Natura 2000, and has a limited budget. All other EU funds target other EU goals - rural, regional, infrastructural, social and scientific development - but can be made available for Natura 2000 by integrating Natura 2000 objectives into these broader goals. This integrated approach is the basis for EU funding for Natura 2000 in the current EU 2014-2020 funding period. It means that the availability of funding for Natura 2000 is dependent on compliance with the objectives and rules of each funding instrument. Nevertheless, the scale of these instruments means that they have the potential to provide substantial levels of funding, especially those such as EAFRD whose objectives and eligibility criteria align most with the management needs of Natura 2000.

3.2.3 Other sector plans, strategies and public funds

Natura 2000 may potentially also benefit from other public sector budgets, where the needs of the network align with other policy objectives, such as flood and coastal erosion risk management. This may present additional funding opportunities, or opportunities for cost-savings by embedding expenditure across other sector programmes.

3.2.4 Private, Lottery and voluntary sector funds

These are funds made available by organisations including businesses and charitable trusts – either directly through grants, sponsorship or direct management activities, or through other mechanisms such as tax incentives e.g. Landfill Communities Fund. In addition, many areas are managed directly by conservation NGOs, using a combination of their public sector grants and management agreements with their own funds.

3.2.5 Alternative funding approaches

Alternative funding sources are those which are more emerging or unproven, or focus on areas with a more indirect link to Natura 2000 management (such as skills, training and monitoring infrastructure). A number of these seek to capture private sector funding by capitalising on the ecosystem service benefits that Natura 2000 sites provide to individuals and organisations through new funding mechanisms and market creation.

By developing alternative funding sources, or by utilising approaches that remove the funding need by encouraging direct private sector management actions, the financial burden on the public sector is reduced, allowing core public funds to be directed to other areas of funding need. Further, where these approaches are market-based, they affect the real economy and

can thereby encourage and support 'Green Growth', which offers considerable opportunities to for employment generation, notably in rural areas.

Theme 2 of The Environment Bill White Paper '*Towards the Sustainable Management of Wales' Natural Resources*' (2014), considers proposals to ensure NRW has the right legislative tools, including stimulating the use of market mechanisms for ecosystem services and experimental power for Natural Resources Wales to test innovative approaches.

Table 3.1 identifies the main funding types and the discrete funding sources / groups of funding sources reviewed.

Table 3.1 Funding Sources

Types	Source	Detail/example
Public funding	NRW core funding and grants	<p>Including funds for land use agreements, acquisition and direct management. These funds also cover over environmental assets, such as the National Nature Reserves and the Forest Estate.</p> <p>Core funding is defined on an annual basis for NRW, which creates difficulties for initiating collaborative projects. A 3-year Partnership Working Fund model has been proposed to address this barrier.</p> <p>NRW also offers grants to a range of partners-local authorities, environmental organisations and voluntary bodies-to support delivery of projects that benefit both people and nature. Grants are usually offered at 50% of overall project costs.</p>
	Welsh Government	The Welsh Government has in recent years operated a range of grant schemes. The most recent of these, the Nature Fund, was administered by NRW and has a key relevance to Natura 2000. Other grant schemes include Splash Grants, which focus on improving public access to rivers, lakes and coastal waters for recreation and education.
	National Parks	The three Welsh national parks, which cover around 20% of the total land area of Wales, have funds available to meet ongoing management which are used to manage Natura 2000 in some cases. These funds represent a mix of central government and local authority grant funding. The ambition for the national parks in Wales is that they have resilient ecosystems and are rich in biodiversity – Natura 2000 is integrated into these goals through grants.
	Local Authorities	Local authorities can contribute to Natura 2000 management in a range of ways. Many are funding habitat creation/restoration as part of coastal squeeze compensation under the National Habitat Restoration Programme, for example. Others are using development compensation to fund management of SACs and

Types	Source	Detail/example
		Natura 2000 sites, for example using Section 106 Agreements of Local Development Plan funds.
EU Funding	European Agricultural Fund for Rural Development(EAFRD))	EAFRD funding is administered through Rural Development Programmes (RDPs) and primarily supports agri-environment measures, as well as farm investments, expenditures to support the rural economy and community led rural development (LEADER) programmes. The EAFRD also provides funding for the range of Glastir agri-environment schemes.
	European Agricultural Guarantee Fund (EAGF) Common Agricultural Policy (CAP) (Direct Payment to Farmers, replaces Single Farm Payment)	This is the main source of support for farmers' incomes. Payments are subject to basic environmental conditions (cross compliance), and recent reforms have included a 'greening' element which incentivises limited conservation management activities.
	European Maritime and Fisheries Fund (EMFF)	The EMFF is the main source of support for fisheries development, but also supports the diversification of practices and adoption of more sustainable practices. The fund also supports research activities, which may be relevant to marine Natura 2000 sites for which evidence gaps are often substantial.
	European Regional Development Fund (ERDF)	The ERDF focuses on capital investment in infrastructure and economic development projects.
	ERDF Ireland-Wales Territorial Cooperation (INTERREG 4A)	This is a €100m programme of support to collaborative projects between Ireland and Wales, with a major focus on conservation, livelihoods and tourism in the Irish Sea.
	European Social Fund (ESF)	The ESF focuses on investment in human resources, skills and employment.
	Horizon 2020	Horizon 2020 is the EU Research and Innovation grant framework, and co-funds investments in research, innovation and research infrastructure, including activities designed to address societal challenges such as sustainable agriculture, natural resource use and climate change.
	LIFE	LIFE is the primary source of EU support for conservation, and funds a range of species and habitat-level projects as well as wider integrated programmes.
Private, Lottery and voluntary sector funds	Business sponsorship	Sponsorship linked to corporate social responsibility (CSR) and operational areas of interest.
	Charitable, lottery and trust funds focusing on biodiversity conservation and landscape management	A range of competitive funds are available to support conservation management at a landscape scale, including: <ul style="list-style-type: none"> ■ Esmée Fairbairn Foundation ■ Heritage Lottery Fund

Types	Source	Detail/example
		<ul style="list-style-type: none"> ■ Sustainable Development Fund ■ Waterloo Foundation (marine)
	Charitable, lottery and trust funds focusing on skills/training and community	<p>A range of funds are available to support local business and skills in the rural economy, which may have a strong link to diversification of Natura 2000 funding:</p> <ul style="list-style-type: none"> ■ The Prince's Countryside Fund ■ Welsh Council for Voluntary Action ■ The Fund for Wales ■ Big Lottery Fund ■ Leverhulme Trust ■ Nineveh Charitable Trust
	Protective landowners' direct funds	<p>A range of organisations provide direct support to conservation management through their nature reserves and sites. Relevant organisations include:</p> <ul style="list-style-type: none"> ■ PONT (Pori Natur a Threftadaeth) ■ RSPB Cymru ■ Wildlife Trusts ■ National Trust
	Landfill Communities Fund (LCF) financed conservation funds	<p>Recognised Environmental Bodies are able to allocate landfill tax funds towards biodiversity and conservation works. Examples of such bodies include:</p> <ul style="list-style-type: none"> ■ WREN Biodiversity Action Fund ■ Biffa Award ■ CWM Community and Environmental Fund ■ Veolia Environmental Trust
	Aggregates Levy Sustainability Fund for Wales	<p>Part of the funds raised through this levy include a Sustainability Fund to address the environmental costs associated with aggregate extraction. These funds have been widely applied in recent years to marine aggregate extraction in particular.</p>
Other sector plans, strategies and public funds	Major research programmes	<p>A range of large and small grants are available to undertake research from sources such as:</p> <ul style="list-style-type: none"> ■ UK Research Councils (e.g. Natural Environment Research Council, Economic and Social Research Council). These are awarded to universities and research institutes but can fund projects, capital investments, and researchers. ■ Freshwater Biological Association Forest Research ■ UK Water Industry Research, which supports specific investigation and research needs for catchments. <p>There are growing examples of collaboration between NRW, conservation groups and universities/colleges, to better link conservation</p>

Types	Source	Detail/example
		management needs to skills and training available. One key example is the recent River Restoration NVQ developed with NRW input.
	River Basin Management	Competitive grants are available for catchment management linked to Wales' three River Basin Districts: <ul style="list-style-type: none"> ■ Dwr Cymru Water Framework Directive Fund ■ United Utilities Catchment Wise Funding ■ Sciencewise ■ Welsh Government WFD Fund ■ Catchment Sensitive Farming Capital Grant Scheme ■ Glastir Efficiency Grants - Priority Water Catchments
	Marine planning	<ul style="list-style-type: none"> ■ Sustainable Fisheries Fund ■ Sea Change Investment Fund ■ Crown Estate/NRW joint management agreement and compensation for marine aggregate extraction. The Crown Estate also provides a Marine Research Fund linked to marine aggregate extraction and conservation issues.
	Woodland management	<ul style="list-style-type: none"> ■ Glastir Woodland Creation/Management Schemes ■ Woodland Trust Local Partnerships ■ Woodland Trust MOREWoods
	Flood and coastal erosion risk management	<ul style="list-style-type: none"> ■ Welsh Government Flood Risk Management Grants and associated partnerships (Flood and Coastal Defence Partnership /Habitat Creation Programme (Welsh Government, Local Authorities, Network Rail, Ministry of Defence, Dwr Cymru) ■ Some prospect of additional funding from Welsh Government Innovative Finance Programme from 2018 – this may include habitat creation grants

Table 3.2 Innovative and emerging funding sources

Environmental bonds	Environmental bonds can be used to fund protection and improvement of the natural environment. A major biomass energy project in North Wales (Eco Park) has been funded using bond issues, for example, and similar opportunities are available within the woodlands sector – for example, in Snowdonia.
Loan finance	Finance provided on commercial terms, often through dedicated funds which offer loans at preferential rates for particular activities. Finance Wales has in recent years provided loans to SMEs engaged in environmental activities, for example, and the Welsh

	Council for Voluntary Action has a micro-business loan fund.
Marketed products	Products produced on Natura 2000 sites. Most typically these may focus on premium-priced products (via certification and labelling) or finding markets for by-products generated on site. Many fisheries have attained Marine Stewardship Council (MSC) certification, and this produce is gaining an increasing share of sales with many retailers.
Visitor payback schemes	Visitor payback schemes offer a potential means to cover routine Natura 2000 costs that are currently met by operating budgets (e.g. access and facilities). The National Trust operates one scheme in the Brecon Beacon National Park, as does the Tourism Partnership North Wales, which requests that visitors to the area contribute a small amount to the cost of local environmental projects.
Ecological compensation	Offsetting environmental impacts from development offers potential for targeted private sector funding directed towards conservation management. A range of pilot projects are being conducted to explore the potential of these funds (including projects with a specific SAC focus) but these funding sources remain relatively unproven with regard to conservation management at present.
Nutrient offsetting	A handful of small-scale initiatives are incentivising ecological restoration and ongoing management as a means to address water quality management issues. One pilot is being conducted in Pembrokeshire to assess the wider potential of such initiatives.
Payments for ecosystem services	A PES scheme can be used to encourage the protection and enhancement of ecosystem services through a voluntary transaction between the provider of the service and a beneficiary.

3.3 Funding sources for management actions

Different funding sources are suited to different management actions. As discussed in Section 2, understanding which funding sources are potentially useful for which management actions is a critical step in addressing the Natura 2000 funding need.

This section therefore presents a review of funding sources against the management action types (utilising the long list of management actions detailed in Section 2), drawing on detailed review of available programme documents, strategies and other available information. A coherent, aggregate view of the management actions that require funding will be set out in the finalised PAF and this table can therefore act as a starting point for identifying potentially relevant funding sources.

Table 3.3 provides an overview of the potential for funding sources to fund management actions. It demonstrates that there are multiple potential funding sources available for each management action. However in reality the applicability of each funding source will depend on the characteristics of the individual management action being undertaken i.e. where it is, what issue it is addressing, who it affects and what its broader non-conservation objectives or

impacts are. For any given issue the range of potential funding options will therefore be expected to be less than indicated in Table 3.3.

Whilst NRW funding has a wide range of applications, the limited (and decreasing) nature of this funding means that it is likely being used to its full potential. In this context, the need to diversify funding sources becomes clear. Other sources with potentially wide-ranging application include business sponsorship and charitable trusts.

Some funding sources demonstrate potential wide applicability in terms of actions, such as the Heritage Lottery Fund. For HLF, a range of conservation activities relating to habitats, surveying and monitoring, management planning, staffing, skills and land purchase can be funded, in line with the broad focus of the funding source. However, projects are time-limited and access to the funding is constrained by limits on and competition for the available finance, the up-front resources required to prepare a bid, and the ongoing administrative resources required to service a grant.

EU funds provide for a broad scope of potential management actions. However the individual articles that support actions need to be aligned with the purpose of the management actions. For example, the EAFRD potentially supports funding of staff time. However this relates to one article (number 35) on 'co-operation', such as joint approaches to environmental projects, where staff costs would need to be linked specifically with related actions e.g. organising / facilitating cooperation between relevant stakeholders (agriculture, food chain, forestry, rural development. Notably a number of EU fund articles – principally in the EAFRD, EMFF and LIFE in particular – include specific references which support Natura 2000 or biodiversity conservation objectives, but will have many other competing priorities. As with lottery funding, the primary barriers to development of bids in Wales are the resources necessary for application processes, the ongoing administration and management required to service successful bids, and the level of competition for funds.

Of the alternative funding approaches, many are most suited to financing ongoing management costs for direct conservation actions and for investment costs i.e. infrastructure.

Table 3.3 Potential funding sources for management actions

X: high applicability

x: low applicability

Funding Source	Management Action																								
	Establishment of sites				Management planning							Ongoing habitat management & monitoring										Investment			
	1 Site selection	2 Scientific studies	3 Preparation of initial information	4 Pilot projects	5 Preparation of management plans	6 Establishment of management bodies	7 Public/landowner consultation	8 Review of management schemes	9 Running costs of management bodies	10 Maintenance of facilities for public access	11 Staffing	12 Conservation management - habitats	13 Conservation management -species	14 Management of invasive species	15 Implementation of management schemes	16 Provision of services	17 Monitoring and surveying	18 Risk management	19 Surveillance of sites	20 Provision of information material	21 Training and education	22 Facilities to encourage visitor use	23 Land purchase and compensation	24 Restoration infra.	25 Public access infra.
NRW																									
NRW	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
European																									
EAFRD - RDP	x	x	x	x	x	x	x	x	x	X	x	X	X	X	X	x	X	x	x	x	X	x	X	X	
CAP Direct Payment																									
EMFF	x	x	x	x	X	x	X	X		x		x	x	x	x	X	x	X	X	X	X	X	X	x	
ERDF	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	X	x	x	
ESF		x		x	x		x	x	x	x	x			x		x	x		x	X	x				
LIFE	X	X	X	X	X	X	X	X	x	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Horizon 2020		X		X			x	x				x	x	x	x		x	x		x	x			x	
Other sector plans, strategies and public funds																									

Funding Source	Management Action																								
	Establishment of sites				Management planning							Ongoing habitat management & monitoring										Investment			
	1 Site selection	2 Scientific studies	3 Preparation of initial information	4 Pilot projects	5 Preparation of management plans	6 Establishment of management bodies	7 Public/landowner consultation	8 Review of management schemes	9 Running costs of management bodies	10 Maintenance of facilities for public access	11 Staffing	12 Conservation management - habitats	13 Conservation management -species	14 Management of invasive species	15 Implementation of management schemes	16 Provision of services	17 Monitoring and surveying	18 Risk management	19 Surveillance of sites	20 Provision of information material	21 Training and education	22 Facilities to encourage visitor use	23 Land purchase and compensation	24 Restoration infra.	25 Public access infra.
Other sector plans			x	X	x	x	x	x	x			X	X	X	x			X	x	x		X		X	X
Research grants		X		X								x	x	x	x			x		x	x				
Private, voluntary sector and Lottery funds																									
Business sponsorship		X	X	X	X	X	X	X	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X
Private, Lottery, voluntary sector: landscape		X	X	X	X	X	X	X	X	X		X	X	X	x			X	X	X	X	X	X	X	X
Private, Lottery, voluntary sector: skills/training																				X	X				
Landfill Funds				X	x	x	x	x	x	x	X	X	X	X			x	x	x	x	x	X	x	X	x
Alternative funding sources																									
Biodiversity offsets / ecological compensation				X	x		x		x	x		X	X	X	X	X	X	x	X	x	x	x	X	X	X
Nutrient offsetting				X	x		x		x	x		X	X		X	X	X							X	
User fees / visitor payback	x	X	x	x	x	x	x	x	x	X	x	X	X	X	x	x	x	x	x	X	X	X	x	X	X
Tax incentives		X	X	X	X				X			X	X	x	x	x	x	x	x	x	x	X	X	X	X
Loan finance												X	X									X	X	X	X

Funding Source	Management Action																								
	Establishment of sites				Management planning							Ongoing habitat management & monitoring										Investment			
	1 Site selection	2 Scientific studies	3 Preparation of initial information	4 Pilot projects	5 Preparation of management plans	6 Establishment of management bodies	7 Public/landowner consultation	8 Review of management schemes	9 Running costs of management bodies	10 Maintenance of facilities for public access	11 Staffing	12 Conservation management - habitats	13 Conservation management -species	14 Management of invasive species	15 Implementation of management schemes	16 Provision of services	17 Monitoring and surveying	18 Risk management	19 Surveillance of sites	20 Provision of information material	21 Training and education	22 Facilities to encourage visitor use	23 Land purchase and compensation	24 Restoration infra.	25 Public access infra.
Marketed products		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Payments for ecosystem services (PES)				X	x			x			X	X	X	X	X	X	X							X	X

3.4 Funding sources for management mechanisms

Management mechanisms are the instruments through which the management actions to address the Natura 2000 conservation needs can be delivered. There are a number of different management mechanisms that can be used to deliver management actions for Natura 2000 sites (see Section 2 for details). Research by NRW presented in two internal studies ('Natural Resources Wales, 2014), which draw on the views of site managers and other relevant stakeholders, have been used to inform our understanding of these issues and as a basis for selecting the mechanism considered in this research.

This section presents a review of funding sources against the management mechanisms to establish the potential funding options. In developing the review we initially considered the type of management actions that the mechanisms are used to deliver and the funding sources that support those management actions, and then refined this set of options based on a more detailed understanding of the management mechanism and the funding sources.

A detailed review of the funding sources is presented in the annexes and a more detailed consideration of the management mechanism funding options is presented in this report's companion Excel spreadsheet output.

Table 3.4 identifies the most potentially relevant funding sources for each mechanism and the remainder of this section provides a summary discussion. Those denoted by an 'X' are considered to be primary opportunities for funding, whilst those denoted by an 'x' are also potential funding options but may be either already well utilised and hold little scope for increase/enhancement or may only be applicable under specific circumstances.

Table 3.4 Potential funding sources for management mechanisms

	Management Mechanisms																	
	Current / Potential Mechanisms												New Mechanisms					
	Management plans	Investigation	Glasfir agri-environment agreements	NRW land-use management agreements	Direct conservation management - staff	Direct conservation management - small projects	Direct conservation management - large projects	Land ownership	Special initiatives: stakeholder groups	Special initiatives: technology development	Other sector plans	Legislation and regulation	Promotion of social/community enterprise and green business	Incentivise site users/managers to use skills in alternative ways	Conservation covenant	Resource sharing programme	Marketed products	Payment for ecosystem services
NRW																		
NRW	X	X	X	X	X	X	x	x	x	x	X	X	x	x	X	X	x	X
European																		
EAFRD - RDP	x	x	X						X	X		x	X	X		X	X	X
CAP Direct Paym't																		
EMFF	X	x							X	X		x	X		X	X		
ERDF		X					x		X				X		X	X		
ESF		x					x		x				x					x
LIFE	X	X					X	X	X	x	x						x	x
Horizon 2020	x	x							X									X

	Management Mechanisms																	
	Current / Potential Mechanisms											New Mechanisms						
	Management plans	Investigation	Glastr agri-environment agreements	NRW land-use management agreements	Direct conservation management - staff	Direct conservation management – small projects	Direct conservation management – large projects	Land ownership	Special initiatives: stakeholder groups	Special initiatives: technology development	Other sector plans	Legislation and regulation	Promotion of social/community enterprise and green business	Incentivise site users/managers to use skills in alternative ways	Conservation covenant	Resource sharing programme	Marketed products	Payment for ecosystem services
Other sector plans, strategies and public funds																		
Other sector plans	x	x				X	X		x		X	X	x				X	X
Research grants	x	X							x									x
Private, Lottery and voluntary sector funds																		
Business sponsorship	X	X		X	X	X	X	X	X	X			x				X	X
Private, Lottery, voluntary sector: landscape	X	X		X		X	X	X	X				X	X	X		x	x
Private, Lottery, voluntary sector: skills/training													x					
Landfill Funds		x			x	X											x	x
Alternative funding sources																		
Biodiversity offsets / ecological compensation	x	x		x		x	x	x	x	x					X			
Nutrient offsetting	x	x		x								X						
User fees / visitor payback	X	X		X	X	X	X	x	X	x			x				X	X
Tax incentives						x	x	x							X			
Loan finance										X			X				X	
Marketed products	X		x							X							X	
Payments for ecosystem services (PES)	X		X	X														X

Dedicated sources of finance

In some instances management mechanisms have their own dedicated sources of finance. This is the case with Glastir agri-environment scheme which has a dedicated source of finance from the EAFRD and Welsh Government, and is administered as part of the Rural Development Plan. As it has a dedicated source of finance there is little need, and potentially limited opportunity, to seek alternative sources – increased uptake, more effective use and targeting of the existing funds is therefore the priority. One area of note is the potential for combining Glastir agri-environment agreements with broader PES schemes that draw in other buyers and sellers – however whilst it is hoped that Glastir may be flexible enough to accommodate this, how this may work in practice is not yet clear.

Organisations such as the Woodland Trust and RSPB are often involved in the design and implementation of Section 15 agreements, but a lack of ‘face-to-face’ advice from experts has led to problems with the environmental potential of management agreements such as Glastir. The recent consultation on reform of Glastir Agreements highlighted the need for quality support and advisory services to landowners before making applications for management agreements, highlighting the potential for environmental NGOs to play an advisory role.

NRW conservation land-use management agreements are one of the most commonly used management mechanisms and draw on an NRW budget that provides for the various types of NRW conservation land-use management agreements available. On an annual basis the budget is in the order of £2.2million, however given ongoing commitments only around 25% of this is available for new agreements. There is scope for drawing on other sources of finance in place of or in addition to the dedicated NRW funds. Stakeholder interviews indicate that these are typically through other NRW administered grant schemes.

Grants under the European Agricultural Fund for Rural Development are the most obvious example with regard to agri-environment and forest-environment schemes. External funds such as LIFE and Heritage Lottery Fund can be used to fund direct management, agri-environment measures and other schemes on a one-off basis but cannot usually fund ongoing management. Other, more flexible funding sources such as business sponsorship or visitor payback schemes provide potential sources where they are available. A key issue therefore is how to make better use of other mechanisms in order to reduce demands on the NRW budget – Glastir is a particularly relevant option in this case.

Investigation

Investigation is not strictly speaking a management mechanism, rather it is an action that forms part of the process. It is a means of gathering more information to identify the problem (i.e. the cause of a habitat/species being in unfavourable condition) but does not address the issue directly. It can vary from a quick walk-over site visit to a large-scale project involving field-based research. Investigation is essential in certain environments such as the marine environment where there is less available data and knowledge, and freshwater and wetland environment where data is required on variables such as water chemistry, hydrology etc.

Opportunities for funding small scale, stand-alone investigations are relatively limited, and the most flexible funding sources are likely to be the most relevant. In order to access a broader set of funding opportunities it is appropriate to consider investigation as a sub-set of broader actions. Further, it may be feasible to bundle investigations together in order to address priorities and issues at a wider scale, which may increase their relevance to larger funds such as Horizon 2020.

In particular as applied elements of broader research programmes, as part of management plan development and review, as part of the data and investigation needs of other sector plans, or as part of the feasibility / start-up tasks of other management mechanisms / funding approaches such as PES. There are a number of large-scale investigations / research needs identified in the PAF which offer up such opportunities e.g. coastal defences and the impact on Natura 2000 features, hydrology of wetland sites, non-native species including pathways

for spread, water quality standards for some chemicals, ecosystem resilience, adaptation to climate change, and in-combination effects of discharges or developments.

New mechanisms that are also funding sources

A number of new management mechanisms are also considered to be funding sources. For example, both marketed products and PES schemes can be used to directly deliver management actions, but can also be used as mechanisms to generate finance. Such mechanisms, when they are well set up, should be self-funding over the medium-to-long term. However they can entail high start-up costs. These may be met by the mechanism beneficiaries, however in many cases other sources can be accessed. Most notably the EAFRD (via the RDP), and also the EMFF and private/charitable/lottery grants can be applicable for such purposes where the type or focus of the mechanisms aligns with the fund's objectives.

4 Opportunities, Limitations and Actions for Enhancing use of Funding Sources

4.1 An assessment of the scope for enhanced use of funding sources

Building on the review work presented in Section 3 and detailed information presented in the Annexes, this section provides a summary assessment of the scope for enhanced use of a range of funding sources for Natura 2000 management in Wales. The assessment framework is based on the following criteria:

- **Current use:** the scale and extent of funds currently used for Natura 2000.
- **Size of fund:** the overall size of the funding source.
- **Actions supported:** the management actions supported, with a consideration of both the total number of action types potentially supported, and whether these match the expected focus of the funding needs.
- **Flexibility:** extent to which the funding source can be used flexibly in relation to different sectors or land-uses. Flexibility depends on the scope of objectives of the funding source, stringency of the eligibility criteria (e.g. restrictions on types of beneficiaries, sectors or activities) and structure of funding (capital and/or recurrent).
- **Scope for increased/enhanced use:** a consideration of the scope for increasing or enhancing use of the funding source for Natura 2000 management.

Each of the criteria is assessed qualitatively using a simple three-point scoring system of low, medium and high, which are colour coded red, yellow and green respectively, with high/green being the best score.

Table 4.1 presents the outputs of the summary assessment and the remainder of the section draws out some of the key opportunities for each broad funding type and along with some of the main limitations and actions which could enhance or increase uptake for Natura 2000, which are discussed in further detail in the relevant sections of the Annexes and companion Excel spreadsheet.

Table 4.1 Overview of scale and scope of funding sources

Funding source	Current scale of use	Size of fund	Management actions supported	Flexibility (e.g. habitats or sectors applicable)	Scope for increased / enhanced use
NRW					
NRW core funding	High: Main dedicated source of N2K funding in Wales – the scale of overall funds is reviewed on an annual basis	High: NRW currently has an annual budget of £175m, a subset of which is directed towards N2K. For example an annual budget of approx. £2.2m is set aside for funding NRW management agreements	High: All management actions	High: No major restrictions	Mod: Limited budgets mean there is limited scope for increasing use. Improved prioritisation of funding needs may enhance its application, particularly within the Forest Estate managed by NRW.
European funding					
CAP/ EAGF Direct payments	Low: Primary source of income support to landowners, and applies to large proportion of terrestrial N2K area, but added value of cross compliance and greening to N2K management is limited	High: Approximately £260m/year	Mod: Important actions can be funded relating to habitat management schemes and provision of services (12, 15, 16)	Mod: Terrestrial (agricultural) landscapes only. However, these represent a substantial proportion of N2K sites. Applies basic conditions/practices only with limited scope for added value management	Mod: Applies to 70% of land area. However, benefits from greening and cross-compliance appear to be limited: wide scope but low ‘added value’
EAFRD- RDP funding	Mod: RDP funds are the main source of support for agri-environmental (Glastir) agreements in Wales, however they have historically not been widely used on N2K sites and	High: £953m for 2014-2020, of which £572m is available for agri-environment	High: A wide range of management actions can potentially be funded, including the 3 ongoing management & monitoring actions (12, 15, 18) where funding need is likely to be	Mod: Terrestrial (agricultural/forestry) landscapes only. However, these represent a significant proportion of N2K sites. Rural development objectives.	High: Strong potential for more targeted application to Natura 2000, utilising the revisions for the 2014-2020 programme

Funding source	Current scale of use	Size of fund	Management actions supported	Flexibility (e.g. habitats or sectors applicable)	Scope for increased / enhanced use
	uptake has been below planned forecasts		greatest - annual management payments as well as capital projects can be funded		
EFF / EMFF	Low: One recent application of EFF - FishMap Môn recreational fisheries project. Few examples of application to Natura 2000.	Low: Funding allocation for Wales in 2014-2020 is £20.2m (8.4% of UK allocation)	High: A wide range of management actions can potentially be funded including ongoing management and monitoring	Mod: Limited to fisheries and coastal-marine communities	Mod: Good potential for development of evidence base and partnership projects in coastal-marine environment. However, limited funds and competing priorities limit application.
ERDF	Low: No specific examples of application to N2K	High: Funding allocation for Wales in 2014-2020 is £1.13bn	Mod: Wide range of actions can potentially be funded, although the fund is generally best suited to capital investments	Mod: All sites within East Wales/West Wales and the Valleys Operational Program areas. Focus is on development Projects must be outside the remit of other funds – so agriculture or fisheries projects would be ineligible.	Mod: Potential for funding in certain areas where fits well with economic development (e.g. development of recreation, education and tourism partnerships). Competing opportunities limit potential for applicability to core conservation measures.
ESF	Low: No current application to N2K sites	High: Funding allocation for Wales in 2014-2020 is £804m	Mod: A wide range of actions can potentially be funded; however there are limits in how well N2K actions will fit with the ESF objectives	Mod: All sites within East Wales/West Wales and the Valleys Operational Program areas. Focus is on skills, training and employment Projects must be outside the remit of	Mod: Potential for supporting monitoring, information, management planning and education needs. Good congruence with funds such as Heritage Lottery Fund. Competing

Funding source	Current scale of use	Size of fund	Management actions supported	Flexibility (e.g. habitats or sectors applicable)	Scope for increased / enhanced use
				other funds – so agriculture or fisheries projects would be ineligible.	opportunities limit potential for applicability to core conservation measures
LIFE	Mod: Handful of completed and ongoing LIFE projects and programmes	Low: Annual EU funds of £404m across 28 Member States, a small proportion of which is likely to be captured in Wales.	High: A wide range of management actions, including core actions with few alternative sources of funds	High: Applicable to all N2K habitats and species– projects and integrated programmes	Mod: Good potential to link to wider (Wales and UK) initiatives, develop NGO and private sector partnerships. However, strong competition for funds
Horizon 2020	Low: Some examples of FP7 funds being applied to conservation research in Wales, but limited direct applicability to N2K	High: Total EU funds of £62bn (2014-2020) across 28 Member States	Low: A wide range of management actions can potentially be funded, however these will need to be delivered as part of research-based projects in order to qualify. In practice, funding will focus on research.	Mod: Applicable to a range of terrestrial, freshwater and marine habitats and species, although funds need to be research and innovation focused rather than basic information gathering	Mod: Particular potential for research and innovation through rural SME partnerships and marine evidence needs
Other sector plans, strategic and public funds					
River basin management	Low: Initial support to a range of catchment-based initiatives and programmes. However, applied less widely than elsewhere in the UK	Low: Approximately £1.1m of WFD competitive grants available each year. Smaller funds include £50,000 Dwr Cymru Invasive Species fund	High: Wide range of management actions can potentially be funded, including ongoing management & monitoring actions (12, 13, 14, 15, 16) where funding need is likely to be greatest.	High: Applicable to a range of terrestrial and freshwater habitats for integrated management	Mod: An explicit link to WFD within the Actions Database could be instrumental in unlocking funds for N2K.

Funding source	Current scale of use	Size of fund	Management actions supported	Flexibility (e.g. habitats or sectors applicable)	Scope for increased / enhanced use
Marine plans	Low: Nascent development of Marine Conservation Zones and limited support until recently for sustainable fisheries practices	Low: EMFF is the key source of applicable funds in this regard, but overall funds are small and only a proportion are channelled through marine plan-related activities	High: Wide range of management actions can potentially be funded, including management planning, investigation and information needs	Low: Limited in their field of application. Can include coastal communities and habitats in some cases	Low: Some potential for supporting development of evidence base, monitoring and investigation of relevant N2K sites
Woodland grants	Mod: Wide use of various woodland grant schemes, although often weakly targeted towards N2K management	High: Glastir Woodland allocations are still to be announced, but expected to expand significantly within the incoming RDP.	High: Wide range of management actions can potentially be funded, including ongoing management & monitoring actions (12, 13, 14, 15, 16) where funding need is likely to be greatest	Mod: Woodland/agricultural land areas	High: Scale of funds points to strong potential through better targeting of conservation features
FCERM	Low: Limited current examples of applications to sites incorporating N2K.	Mod: £39m of Local Authority capital grants, £40m of Dwr Cymru Funding	Mod: Opportunities relate to piloting, provision of services and infrastructure funding	Mod: Riparian/bankside, estuary and coastal ecosystems	High: a number of opportunities linked directly to schemes, the National Habitat Creation Programme and policy objective of working with natural processes.
Research grants	Low: Limited specific application to Welsh N2K sites	High: Range of small-large grants, from £300 to ~£10m+. NERC 5-year grants total £60m	Low: Wide range of high-priority management actions can be funded – however only when part of a research programme	Mod: Applicable to a range of terrestrial, freshwater and marine habitats, although funds need to be linked to a research programme	Mod: Good potential for increased use through earlier coordination between NRW and academic partners. However, scope for growth depends on ability to be able to match objectives

Funding source	Current scale of use	Size of fund	Management actions supported	Flexibility (e.g. habitats or sectors applicable)	Scope for increased / enhanced use
					with site specific research needs
Private, Lottery and voluntary sector funds					
Private, Lottery, voluntary sector: landscape	Mod: Wide use of some charitable funds (particularly Lottery funds) in Wales but this has potential to be expanded further	Mod: Range up to approx. £3m.	High: Nearly all (22 of 25) management actions can be funded, depending on the scope of each individual funding source	High: No major land-use sector restrictions, although these vary across individual sources vary. May be issues surrounding targeting of specialist management actions.	Mod: Funds are already widely used and there is growing competition. However they hold good potential to support landscape-level N2K projects and programmes as well as match funding
Private, Lottery, voluntary sector: skills/training	Mod: Increasing examples of partnership between NRW reserves and local charities	Mod: Range of small-to-large scale funds	Low: Use of funds relates to provision of information and skills and training (18, 19)	Mod: Typically urban-rural environments or sites with recreational /educational uses	Mod: Some potential for further development of local partnerships around N2K sites. However, potential limited by scope for application
Landfill funds	Mod: Frequent use in conservation management, but restrictions in the use of funds	Mod: Range of awards, from £5000 to £250,000. However total available for use in Wales appears relatively modest	Mod: Six key actions can be funded relating to habitat management schemes and implementation (12, 13, 14, 15), piloting and restoration infrastructure	Low: Range of habitat types supported. However, geographical proximity to landfill sites is typically a condition of funding awards.	Low: Limited scope for expanding use significantly. Funds are likely to decline over long term
Alternative funding sources					
Ecological compensation	Low: Some limited pilot projects as well as conventional mitigation/	High: Case specific, though typically large-scale; Carmarthenshire levy has	High: Wide range of actions, including piloting and management planning (7,9) species and habitat	Mod: Typically local metapopulations or equivalent habitat types	Mod: Potential applications at landscape/ metapopulation scale (agricultural land)

Funding source	Current scale of use	Size of fund	Management actions supported	Flexibility (e.g. habitats or sectors applicable)	Scope for increased / enhanced use
	compensation funds under s106/CIL	raised £1m+ of funds to date	management (12, 13) ongoing monitoring (17, 19) and infrastructure (23, 24, 25)		
Environmental bonds	Low: No current biodiversity-related green bonds	Low: Not currently in operation.	Mod: Management of habitats and species (12, 13); investment costs 25-27)	Low: Limited in their field of application. Largely applicable to new extractive industries, not restoration or mitigation of previous impacts	Low: Further work needs to be done to understand how and whether environmental bonds might work in practice
Loan finance	Unknown	Mod: Loans available to SMEs with environmental focus from Finance Wales and Welsh Council for Voluntary Action. Size of loan available is dependent on the facility used. Can range from small (<£10k) to medium (>£250,000)	Mod: Generally limited to ongoing management of habitats/species and one-off investments, although these must be in relation to profit generating activities	Mod: Dependent on facility being used.	Low: Due to the need for loan repayment, applicability to N2K management needs is likely to be low. Likely to be most relevant when considered in tandem with marketed products
Marketed products	Mod: A range of environmentally sustainable marketed products are produced in Wales, although the extent of use in relation to N2K is not clear and likely to be modest	Mod: The size of conservation finance generated / management actions delivered is commensurate with the current scale of use	Mod: Supports direct management actions but funds can be used to finance a wider range of actions	Mod: Agricultural and forestry land-uses, as well as fisheries are the primary areas of opportunity. Notable transaction costs and commerciality issues	Mod: Opportunities will be limited to where site characteristics are appropriate and commercially viable products can be produced
Nutrient offsetting	Low: Handful of pilot-scale initiatives	Low: Pembrokeshire pilot scheme equates to	Mod: 7 actions can be funded, including habitat	Mod: Focus on water bodies and adjacent	Low: Further work needs to be done to demonstrate

Funding source	Current scale of use	Size of fund	Management actions supported	Flexibility (e.g. habitats or sectors applicable)	Scope for increased / enhanced use
		£150,000 of funding to support range of activities	management schemes and provision of services (12, 13, 16) and investment (20, 22, 23)	habitats. Areas of opportunity are typically those with specific pollutant issues	the general efficacy of offsetting measures
PES	Low: PES are not currently used in Wales, other than through the publicly funded land management programmes such as Glastir	Low: The scale of funds raised will be commensurate with individual contracts. In the short term these are likely to be relatively small	High: A wide range of management actions can potentially be funded, including the 3 ongoing management & monitoring actions (12, 15, 18) where funding need is likely to be greatest	Mod: There are a number of potential restrictions, most of which effect the ease of use and implementation. Key restrictions are the ability to use PES for multiple ecosystem service delivery and the scientific uncertainty of the effect of actions on service delivery	Mod: Private PES is currently an untapped approach. However in the short term, scope for use is likely to be limited to individual pilot schemes. Potential is likely to increase over the medium term
Visitor payback	Low: Applied in a range of settings but no specific examples of N2K application	Low: Funds are discretionary and thus usually small-scale	High: A wide range of actions relating to management planning and ongoing management (10, 12, 13, 16) education and investment (21, 22, 24, 25). May require linkages with visitor experiences / interests	Mod: Potential application to a range of ecosystems , although usually dependent on visitor access	Mod: Good potential for development of webapp schemes around an ecosystem services approach

4.2 NRW funds: opportunities, limitations and actions

NRW provides core funding for Natura 2000 through its operational and programme level budgets. NRW has a total annual operating budget and capital budget of £175m for the 2014/2015 financial year. This includes:

- **Direct funds**, which cover the cost of National Nature Reserves and Forest Estate management (which include Natura 2000 sites). This includes approximately £2.2m for land use management agreements
- **Specialist programmes**, including the Invasive Non Native Species Programme (including the INNISP Small Business Research Initiative) and the Sustainable Fisheries Programme)
- **Additional expenditures**, including funding related to Water Framework Directive implementation and flood control risk management
- **Staffing expenditures**, including a number of staff with specific responsibility for Natura 2000/SSSI management.

Whilst all of these could be used to support Natura 2000 management, none of these funds can be used exclusively for Natura 2000 objectives and there is no specific focus on the network. A number of other management elements of the budget are unallocated or discretionary funding, such as that informed by the Actions Database.

4.2.1 Opportunities

NRW has a significant focus on biodiversity conservation and a responsibility to deliver the Natura 2000 statutory obligations for Wales on behalf of the Welsh government. Funding can be used flexibly for a variety of conservation actions, importantly including those actions often difficult to fund through other means, such as employment of staff responsible for overseeing the management of the network.

4.2.2 Limitations

NRW funding is the main source of dedicated funding support to the Natura 2000 network in Wales, reflecting NRW's statutory responsibility for the network. Although large in absolute terms (NRW had an operating budget of £175m in 2014/2015) this budget is expected to face cuts in future years and this will place increasing pressure on less routine aspects of Natura 2000 management. A key issue is that the allocation of funds to specific management actions is largely discretionary. None of these funds are used solely for Natura 2000 management, and funds are generally not ring fenced for specific purposes and this can lead to trade-offs, particularly for more costly management options

Where there are allocated budgets, these are generally not sufficient to cover the desired level of expenditure. For example, there is an annual budget set aside for NRW management agreements. These typically run for 5 years, and are subject to annual renewal. As such a proportion of each year's annual budget is taken by ongoing agreements. This is estimated to be in the order of 75%. Therefore the headroom for new agreements is around 25%, or £0.5million.

Other issues relate to the timing and availability of funds, which are allocated on an annual basis, which is often out of sync with the conservation needs and the needs/timeframes of potential funding partners.

4.2.3 Enhancing uptake

A structured funding prioritisation framework (linked to the PAF) could help maximise the impact of NRW funds for Natura 2000 sites, channelling them to those where opportunity to capture funding from other sources is more limited (e.g. staff costs) or to where activity would be most beneficial.

Investigation (an official process for gathering more information to clarify the scale and detail of a management issue and associated management action) is noted as often being underutilised due to resource constraints. In many cases, a lack of underlying evidence on feature ecology or wider environmental trends hampers progress. Engagement with other partners such as NGOs and research institutions (i.e. through ecosystem/landscape level projects and initiatives) could help strengthen the evidence base for investigations- thus lowering costs and resource requirements.

Management Agreements, meanwhile, generally achieve effective environmental outcomes but could be supplemented with other funding sources. More targeted use of Glastir or use of flexible funding sources could help address the limited budget for NRW Management Agreements. An overhaul to streamline the Management Agreements administrative system may deliver efficiency savings. Linked with this, streamlining of the application processes could generate efficiency savings for applicants, reducing transaction costs.

An increase in the scale of funding available for a given action would help to enhance the attractiveness of agreements for large farms, whilst enhancing the frequency and data outputs of monitoring processes.

4.3 EU Funds: opportunities, limitations and actions

Wales benefits from substantial investment from a range of EU funding sources. In 2007-2013, these amounted to £1.9bn of grants and match-funding, spurring a total investment of £3.7bn and substantial private sector activity and job creation.

Evaluation of EU Structural Funds in the 2007-2013 period indicates that investments in environmental projects or research and innovation activities linked to the green economy generated better returns on investment than direct investments in skills and training programmes. In spite of this, use of EU funds in areas linked to Natura 2000 management and conservation activities in general is scarce in Wales, in part because of the substantial technical and resource requirements necessary to prepare and manage projects supported by these funds.

4.3.1 Types of funding available and opportunities for Natura 2000

- The **European Fund for Agriculture and Rural Development (EAFRD)** provides support to the implementation of the Rural Development Plan – most of this is channelled into Glastir agri-environmental agreements (with some additional support to woodland management) but it also supports a range of collaborative projects aimed at spurring growth of the rural economy;
- The **European Maritime and Fisheries Fund (EMFF)** provides support for the diversification of fisheries livelihoods and adoption of more sustainable practices, and has a number of applications to the management of marine Natura 2000 sites, particularly in the areas of monitoring, investigation and development of evidence;
- The **European Regional Development Fund (ERDF)** provides capital support for economic development and infrastructure in the EU. It can potentially support a range of projects benefiting Natura 2000, particularly where they require capital investments that benefit economic development and tourism.
- The ERDF funded **INTERREG Ireland-Wales Territorial Cooperation Programme** is a €100m programme of support to collaborative projects between Ireland and Wales, with a major focus on conservation, livelihoods and tourism in the Irish Sea;
- The **European Social Fund (ESF)** supports the development of emerging skills and training needs, with a particular focus on youth employment, and can provide support to emerging opportunities in the green economy;

- **LIFE** is the core funding source for environmental conservation and climate action in the EU, and can support a range of activities from 'traditional' habitat and conservation management to 'integrated' thematic programmes- combining these can promote more strategic integration of Natura 2000 into decision-making;
- **Horizon 2020** promotes innovative research that strengthens links between academia and industry, and addresses societal challenges such as sustainable agriculture and fisheries, management of natural resources and climate change, including through basic research and development of new products and services.

4.3.2 Barriers to implementation

Based on discussions with stakeholders linked to a range of EU funds, common barriers to implementation include:

- **A lack of awareness of the funding options available.** Many potential applicants are unaware of the range of funding priorities and options contained within major funds, or even the existence of certain funds. The European Fisheries Fund (EFF), for example, has not been applied to funding Natura 2000 management in Wales despite some alignment of many of its priorities with management needs (this alignment has been increased in the current the EMFF, which has replaced the EFF). In other cases, the linkages may be less obviously apparent- the ESF, for example, provides a means to address a growing demand, and skills gap, in the green economy relating to practical monitoring and restoration of sites.
- **A lack of access to appropriate match funding.** Since EU funds require various degrees of match funding, certain activities may be limited by the existing funding options available in Wales. For major funders, there may a degree of risk aversion in assigning limited annual funds to competitive fund applications with no guarantee of winning the award. Inappropriate funding timescales can also create barriers to matching otherwise complementary funds. In many cases, success of match funding relates to experience and relationships between major funders and grantholders.
- **A lack of capacities to develop and deliver funding proposals.** This is reportedly the largest barrier to uptake of EU funds- proposal development and applications are time-consuming, resource and data-dependent, and even larger organisations appear to struggle with meeting the requirements of proposals, particularly where necessary data are scarce. The complexity of applications is problematic for many organisations and a standard LIFE application may consume 6-12 months of FTE for one employee- a major commitment. Management of larger projects requires a reasonably high level of technical or project management skills, backed by ongoing support from hosting organisations – this can be particularly challenging.
- **A lack of financial acumen to ensure proper auditing and reporting during the lifetime of projects.** Many funds require rigorous but non-standardised financial reporting and auditing, which may be beyond the capacities of smaller or inexperienced organisations – many partner organisations reportedly fail to comprehend these expectations, and their associated time and resource inputs, when agreeing to engage in funding applications. This impacts on the effectiveness of project management and the credibility of the grantholders in future applications.
- **Limited funds, and competing priorities.** Whilst a number of funds have strong potential application to the Natura 2000 (notably LIFE and the EMFF) these funds are often limited in size. Linked to this is the general issue of competing priorities for funding – many funds may be suitable for application to the network in theory but in practice there may be competing demand for these funds in other areas, such as local development.

4.3.3 Increasing uptake and integration

Discussion with stakeholders has highlighted a number of cross-cutting approaches to maximising the uptake of EU Funds in Wales.

- **Wider dissemination of best practice and information.** Evidence suggests that a lack of data and information relating to previous funding applications results in substantial duplication of effort or, more often, the decision not to proceed. For many funds (particularly LIFE and EMFF) experience of applications to Natura 2000 management is limited or non-existent in Wales. Better access to examples of best practice in Wales would be useful (such as the LIFE Anglesey Fens project, which is being used to demonstrate best practice for financial auditing and reporting of projects) and examples from elsewhere in the UK should also be drawn up, given the relative scarcity of case studies for some funds in Wales. Wider use of the BetaEurope support service can underpin establishment of best practice.
- **Wider dissemination of monitoring and outcomes.** A lot of statistical information is collected as part of the monitoring process associated with EU funding streams – it would be beneficial if this information could be disseminated to demonstrate the wider social, environmental and economic changes that are occurring across Wales, so as to better target future funding applications.
- **Further development of discretionary funds to support funding applications.** Development of funding applications requires substantial upfront investments in coordination, evidence gathering and partnership development, and a key issue is the alignment of NRW annual funds with timeframes for EU funds and other funding sources- this can create problems for the identification of match funding in practice. Extension of the WEFO Targeted Match Fund could support applications for Structural Funds but there is a need for support to early costs of bid development – the SCoRE Cymru Fund (which currently supports the formation of academic bid partnerships in connection with H2020 Research and Innovation Funding) could be meaningfully extended to other partners to foster wider engagement with conservation management research. Similarly, the NRW Partnership Funding facility could be used to targeted the development of new funding partners in connection with EU funds, beyond established relationships to new opportunities (such as skills and education or tourism).
- **Greater strategic coordination of funding applications.** Given the substantial resource requirements necessary to develop many EU funding applications, greater coordination between programmes and projects could increase the efficiency of developing applications. For example, under LIFE, Integrated Projects (those funding programme or large-scale thematic activities) represent a key opportunity to engage with programmes occurring at a UK level. Outputs and evidence for these applications then provide a strong basis for Traditional Projects at a landscape or site scale in Wales. Such coordinated approaches can help counteract growing competition for match funding.
- **Support and capacity building for funding bid preparation and ongoing management.** There is a need to build capacity in Wales regarding skills during the bid preparation process, including integration of project management processes and management of external finance. Support is also needed to help projects ‘deliver’ by providing advice and resources for project managers. Common best practice resources would be helpful in this regard, since most projects have to address the same issues (e.g. communication, stakeholder analysis, promotional materials, financial control and reporting). There is evidence of substantial duplication of efforts between projects at present. Standard guidance or templates would streamline delivery in this regard.

4.4 Other sector plans, strategies and public funds: opportunities, limitations and actions

In addition to conventional sources of funding for Natura 2000, the nature of the network means that its management is closely linked to a number of policy priorities and programmes in other sectors. In some cases, this could point to additional funding sources for site management. In some instances these funding sources may be directly accessed, in others the funding need can be reduced by integrating Natura 2000 management needs into the plans and projects delivered by other sectors.

4.4.1 Opportunities

- The EU Water Framework Directive is spurring major investment across the water cycle and the difficulty of ensuring compliance with many aspects of the Directive is spurring engagement with innovative upstream approaches such as habitat restoration. Viewed from this perspective, land managers are responsible for the provision of a number of valuable ecosystem services and many conservation activities have gained significant investment elsewhere in the UK from the water sector. In Wales it appears that investment in Natura 2000 management has been held back by a lack of strategic WFD integration within policy drivers and the fact that databases of WFD measures and Natura 2000 actions (Actions Database) are not fully integrated. The latter is relatively easy to address. Notably, two relatively large funds are available to aid compliance with the objectives of the WFD – the Welsh Government and Dwr Cymru WFD Funds (each providing £550,000 of funds per year) and various small-scale conservation funds such as Dwr Cymru’s £50,000 invasive species fund.
- For marine and wetland Natura 2000 sites, a key management issue highlighted by stakeholders and published evidence is a lack of underlying evidence on which to develop management plans. There may be a strong convergence here with the need for research and innovation activities in the Irish Sea and the need to ‘take fisheries on board’ and build support for conservation management measures. Existing funds in this sector can contribute to the evidence base for managing sites whilst supporting the diversification of fisheries toward more sustainable practices. The recent introduction of the Marine Planning Portal¹ points to the type of evidence needs that specialist funds could support.
- Woodland creation, and more sensitive management, is a high policy priority for the Welsh Government and funding support is expected to increase accordingly. Glastir Woodland Agreements are expected to see wider use under the new RDP, with increased financial resources available. Woodland management represents a clear intersection between socio-economic and conservation interests and organisations such as the Woodland Trust have good experience of balancing these objectives. There is a good case for developing recreational and educational services around an ecosystem services approach - with many small funds linked to these activities.
- Flood and coastal erosion risk management (FCERM) is a major area of public expenditure, and competition for investment is increasing in many areas as storm, erosion and flood incidences increase. A key opportunity area is for habitat restoration as part of managed realignment and flood defence measures. The National Habitat Creation Programme (NHCP) is in place to provide compensation for Natura habitat that is expected to be lost via FCERM future schemes, most notably via coastal squeeze. Habitat creation offers an opportunity to design new habitat so as to maximise its ecological value. Importantly, much of the habitat creation will be at a large scale and there is an opportunity to take a more strategic approach and seek to integrate a broader set of issues into the scheme design, both on the habitat in question and neighbouring Natura 2000 habitats.

¹ <http://le.wales.gov.uk/apps/marineportal/#lat=52.5145&lon=-3.9111&z=8>

However, it is important to caution that such schemes are also struggling to obtain non-conventional funding in practice.

- A key priority for NRW is the use of natural processes for FCERM, linked in part to the anticipated lower ongoing maintenance costs associated with such schemes. Such solutions often require the use of larger areas covering more habitat types so potentially offer opportunities for environmental enhancement actions and taking a broader, strategic view of the opportunities. Related to this, which environmental enhancements are generally considered when design flood risk management plans and scheme, there remains scope for enhancing the integration of specific Natura 2000 needs in such plans and scheme, particularly when viewed at a landscape scale.
- There is a statutory obligation, via the Habitats Regulation, for other sector strategies, plans, projects and schemes to avoid negative impacts to Natura 2000 sites and also a policy desire to seek environmental benefit. In many instances an ecosystem services framework can be used to demonstrate the enhanced economic benefits of building in environmental enhancements, most notably where such enhancements can be made at a low cost relative to the overall costs.
- Research grants are typically allocated to conservation management on a piecemeal basis but have strong potential to be expanded through earlier collaboration between NRW and universities in proposal design- this is particularly apparent in the marine environment, where the PAF describes management needs of sites as being held back by a lack of underlying evidence and monitoring.

4.4.2 Barriers to implementation

- The principal limitation is that in order to incorporate environmental enhancements expenditure on a proposed plan or scheme must still align with sector priorities (e.g. flood defence) or fund theme (e.g. research activities). This may limit the scale of action that may be feasible.
- Where integration is sought with particular projects or schemes, there are likely to be geographical constraints – both in terms of the overlap with Natura 2000 and in terms of the relative scale compared to the management issue. For example, WFD and FCERM may provide significant funding opportunities only in specific Natura 2000 areas.
- Investments undertaken through other sector plans or strategies are often time bound, particular where they relate to infrastructure development. This places a limit on the usefulness for delivering or funding recurrent costs for ongoing management needs- for example in the water sector, where Water Framework Directive milestones and Water Industry Price Reviews are the major drivers in spurring periodical investment. The current OFWAT Price Review system reportedly dis-incentivises environmental investments by prioritising large capital investments in the network – green and blue infrastructure solutions are not recognised as such under the current system.
- Achieving integration requires significant levels of engagement and awareness raising with relevant parties, which demands substantial staff time without any associated funding.

4.4.3 Increasing uptake

- Increased integration benefits from early engagement in plan and strategy development in order to highlight opportunities for incorporating environmental enhancements that address Natura 2000 needs. In particular, there is a need for strategic level engagement at a landscape level to integrate sector plan, strategy, project and scheme activities with neighbouring areas.
- Typically consultation responses on plans, strategies, projects and schemes focus on avoidance of negative impacts in relation to Habitat Regulations, with less emphasis on the potential for positive environmental enhancement. Improving the flow of positive ideas

is an opportunity for increasing the integration of Natura 2000 management needs into plans, strategies, projects and schemes.

4.5 Private, Lottery and voluntary sector funds

4.5.1 Opportunities

- The **Heritage Lottery Fund** works closely with Welsh conservation groups but relationships with NRW are less developed- collaboration via the HLF Wales Steering Group could highlight shared strategic goals, whilst wider awareness of the Heritage Grants scheme could highlight its potential for funding site-level management actions.
- **Environmental NGOs and conservation groups** are increasingly acting as partners on a number of conservation and landscape projects, but often lack the resources to lead larger projects such as those funded under LIFE. Investment in capacity-building programmes and dissemination of best practice could allow them to assume a stronger role in the future (e.g. the Anglesey and Llyn Fens LIFE project is provided as a template for financial planning and auditing of similar projects). Discussion with a range of stakeholders highlighted a growing skills and labour gap relating to the management of Natura 2000. This is manifested in a number of ways, from sub-optimal design of management agreements to insufficient monitoring of some species and habitats. There are key opportunities to link this to charitable and funding resources with a focus on rural skills and employment that could be developed through cooperation with funding partners. The River Restoration NVQ recently developed by NRW through collaboration with the River Trusts and Wildlife Trusts provides a template for this approach - linking education opportunities to specialist conservation skill requirements.

4.5.2 Barriers to implementation

- **Timescales for funding applications.** Many stakeholders highlight the incongruence of NRW funding allocations with timescales for other core domestic funds – the former are defined on an annual basis only, and typically allocated by April each year. Other funds may have later application deadlines and would typically require longer commitments from project initiators (e.g. 3-5 years).
- **Lack of capacities.** Despite strong levels of engagement between the Welsh conservation community and NRW, the capacity of these groups to address technical, managerial and financial aspects of large conservation projects is often seen as limited with regard to Natura 2000. In part this stems from a lack of knowledge transfer, and the relative scarcity of large-scale projects in Welsh Natura 2000 sites.
- **Lack of coordination.** Landscape-level partnership projects (such as the highly successful LIFE Anglesey and Llyn Fens project) are a relatively new approach to meeting the management needs of conservation sites. Success of this projects is however, contingent on effective engagement across the range of affected stakeholders and this often occurs relatively late into the project lifecycle (consultation being a relatively costly and time-consuming element of site management).

4.5.3 Increasing uptake

- **Assigning dedicated project coordinators.** This has been shown to be a key success factor within the Anglesey and Llyn LIFE project, and several years of projects funded under the Environment Wales Fund (each of which had a long-term coordinator). Assigning a coordinator 'on the ground' helps strengthen engagement with local stakeholders and can also strengthen engagement and identification of funding from NGO and research partners. In Anglesey, for example, monitoring of site has been ongoing after the project completion because of the early engagement of a research partner.

- **Development of a discretionary fund for partnership or match funding.** Despite increasing pressure on the NRW budget, allocation of funds to identified projects each year may be missing myriad opportunities for partnership funding. The success of the Nature Fund has highlighted the potential of discretionary funding for developing partnerships that can secure other long-term funding arrangements. Such a fund could also be instrumental in providing ‘top-up’ match funding, similar to the WEFO Targeted Match Fund available to Operational Programmes.
- **Exchange of best practice and other information.** Despite the substantial knowledge and information resources held within NRW, wider dissemination of best practice as well as datasets could strengthen the effectiveness of partnership working. This could include the production of standardised project reporting frameworks. It could also entail the generation of wider, landscape-level data bringing together existing site-level data at larger scales to better understand wider environmental trends- there would be a good congruence here with research and EU funds

4.6 Alternative funding approaches: opportunities, limitations and actions

In addition to parallel sectors, there are a range of alternative funding sources emerging which could help address some of the funding gaps for Natura 2000 management. Some of these are more innovative or emerging in nature, whilst others seek to tap charitable and third sector resources in new ways to address emerging needs for the network.

A number of the opportunities that have been identified are market-based approaches. These approaches have the potential to raise finance for undertaking management actions, and/or incorporate the required management as part of implementing the particular approach.

4.6.1 Opportunities

- **Payments for Ecosystem Services (PES)** – there are a growing number of PES schemes across the UK. However, use of the approach in Wales is limited outside of publicly funded agri-environment schemes. There is a growing number of pilot projects across the UK and potentially some forthcoming in Wales and significant emphasis being placed on the potential of PES in the broader conservation and environmental management arena which should help to drive forward opportunities for implementation. Given the high proportion of Natura land that is privately held, PES offers market incentives for land managers and owners to engage in beneficial management on Natura 2000 sites. Whilst there is clear scope in agriculture, there is scope across a broad number of land-use types, most notably where property rights are well defined and ecosystem services can be clearly identified and changes monitored, and for development PES schemes at a landscape scale. PES schemes can incorporate a number of important ongoing management actions.
- **Marketed products** - Goods and services certified as having minimal or positive impacts on biodiversity may command premium prices and present a range of growth opportunities. There are a number of examples across Wales of such practices, notably in agri-food markets. However they potentially have a relatively narrow focus regarding management actions, focussing on actual conservation management measures required for the product to meet the certification standards, which may not be sufficient for the Natura 2000 management needs. Developing marketed products is well suited to addressing grazing issues on agricultural land, which is one of the major conservation issues for Natura 2000. There may be particular opportunities within marine management relating to sustainable fisheries products. Notably, many prominent supermarket chains such as Waitrose only stock independently certified seafood products, which for some species is a Marine Stewardship Council certification.
- **Compensation of ecological impacts** from development is fast emerging as a possible source of substantial private sector funding for targeted conservation management. Compensation for unavoidable development impacts on Natura 2000 is required by Article

6.4 of the Habitats Directive, which sets clear criteria for provision of compensation measures, but for more general impacts on biodiversity Natura 2000 sites provide a focal point for investment in ecological networks at a landscape scale. A key example of this is the work on integrating development levies into the Carmarthenshire Local Development Plan. Funds are allocated directly to management of local SAC marshland at a wider ecosystem level, providing additional funds for conservation management and wider benefits for biodiversity at the landscape scale. It is suggested that this approach could be easily replicated within other local authorities, providing valuable funds for conservation.

- **Nutrient offsetting** approaches (such as the pilot recently financed under the Nature Fund in Pembrokeshire) offer a more targeted approach to protection of coastal and marine Natura 2000 sites. Whilst this pilot has been developed with a view to future support under the RDP or Water Framework Directive grants, there are other examples of the private sector engaging in similar approaches, such as First Milk's recent investment in management agreements with landowners to offset nutrient impacts from a new production site in Haverfordwest.
- **Visitor payback schemes** to secure funding for routine management elements of sites. Organisations such as the National Parks have experience of developing these schemes and can point to examples of best practice relevant to Wales. This could provide an important source of support for access and visitor information infrastructure, which often lack ongoing funds for maintenance and management. Monies can also be channelled into habitat or species management, or almost any conservation activity.

4.6.2 Barriers to implementation

Common barriers to development and implementation of market-based approaches include:

- Relatively small-scale / niche and undeveloped markets will limit the scale of funding or of management actions that can be expected to be realistically delivered over the short term.
- Site characteristics, including land-use, conservation issues, and the role and nature of different actors are all critical and the scope of application is generally limited to where such characteristics are well aligned with those required by the approach.
- Where market-based approaches are successful they hold the potential to be sustainable over the long-term with limited public sector support. However they are vulnerable to economic cycles and market forces. For a number of market-based approaches, contracts that bind the parties to particular actions are required and where these are for relatively short term periods there will be risks over the potential for ongoing management beyond each individual contract period.
- Issues surrounding the effectiveness of market mechanisms- many potential markets may be crowded out by existing public funding and provision of services 'for free', whilst for schemes such as Payments for Ecosystem Services there are inherent opportunities for individuals or groups to 'free ride' on the benefits paid for by others.
- If a critical mass cannot be generated – either relating to scheme size, market size or number of actors/participants – the transaction costs associated with implementation and operation of a market-based approach may be prohibitively high. Even in schemes with appropriate critical mass, the up-front costs of developing transactions and funding mechanisms may be a significant barrier to action.

4.6.3 Increasing uptake

- Continued effort on ecosystem service science and understanding will improve certainty around identification and measurement, and help to prove the concept of market based approaches;
- Development of institutions and frameworks will help to facilitate market development;

- Technical assistance will help to support identification of opportunities and proof of concept / pilot projects, legal and business services;
- Facilitating access to other funding sources will aid start-up costs. A number of opportunities exist to utilise EU funds for this means, notably LIFE (including the new Natural Capital Financing Facility) and EAFRD (RDP). Using time-limited funding may help to prove the concept and establish schemes which are sustainable in the longer term.

5 Conclusions

5.1 Diversification of funding

Wales has 20 Special Protection Areas (SPAs) and 92 Special Areas of Conservation (SACs), which together span more than 700,000 hectares, comprising 8.5% of the Welsh land area and 35% of territorial waters. The network therefore comprises a significant portion of Wales' territory. However, as in the EU as a whole, much of the network is in unfavourable conservation status, and great efforts are needed for restoration and management activities

Such wide-spread restoration and management activity present a high demand for finance. The revised Wales Prioritised Action Framework (PAF) highlights recurrent annual costs of around £13.8m/yr and one-off costs of £3.1m for the network as a whole (Welsh Government, 2014).

Currently, NRW is the principal provider of funding for Natura 2000, which it provides through its operational and programme level budgets. NRW has a significant focus on biodiversity conservation and a responsibility to deliver the Natura 2000 statutory obligations for Wales on behalf of the Welsh government. Funding can be used flexibly for a variety of conservation actions, importantly including those actions often difficult to fund through other means, such as employment of staff responsible for overseeing the management of the network.

However the NRW budget is expected to face ongoing cuts in future years and this will place increasing pressure on less routine aspects of Natura 2000 management. Indeed there are already considered insufficient funds to undertake many necessary management actions or even, in some cases, routine monitoring and investigation activities.

As such, it is of paramount importance that emphasis is placed on diversifying the Natura 2000 funding base, and making better use of those funding source with the greatest potential for delivering the necessary cash-flow over both the short and longer terms.

There are a broad range of funding sources available. Any given management action can be delivered and funded in multiple ways. Indeed, even the more specific mechanisms through which management is delivered can potentially utilise a diversity of funding sources.

5.2 Barriers to accessing funds for Natura 2000

However, whilst there are broad number of relevant funding sources, there are a number of barriers that can limit the scale of funds won for Natura 2000 purposes.

Competition (including for match-funding) is a fundamental barrier. The funding needs of Natura 2000 are just one of a number of competing needs. Even for NRW funding, even when it is focussed on biodiversity, there is competition e.g. from the SSSI network

Awareness of opportunities: Many potential applicants are unaware of the range of funding priorities and options contained within major funds, or even the existence of certain funds.

Skills and resource capacity is reportedly the largest barrier to uptake of EU funds in particular. Proposal development and applications are time-consuming, resource and data-dependent, and even larger organisations appear to struggle with meeting the requirements of proposals. This acts as a significant barrier to pursuing available funds.

5.3 Opportunities and actions to enhance uptake

Despite the potential barriers, of 23 individual funding sources reviewed, 15 were considered to have a low level of current usage and only five were considered to have limited scope to increase or enhance their use.

Developing and drawing on a broader range of available funding sources, also provides an opportunity to enhance the use of NRW funds. A structured funding prioritisation framework

(linked to the PAF) could help maximise the impact of NRW funds for Natura 2000 sites, channelling them to those where opportunity to capture funding from other sources is more limited (e.g. staff costs) or to where activity would be most beneficial.

5.3.1 EU funds

EU funds present one of the largest opportunity in terms of the money available. Wales benefits from substantial investment from a range of EU funding sources. In 2007-2013, these amounted to £1.9bn of grants and match-funding, spurring a total investment of £3.7bn and substantial private sector activity and job creation.

Evaluation of EU Structural Funds in the 2007-2013 period indicates that investments in environmental projects or research and innovation activities linked to the green economy generated better returns on investment than direct investments in skills and training programmes. In spite of this, use of EU funds in areas linked to Natura 2000 management and conservation activities in general is scarce in Wales, in part because of the substantial technical and resource requirements necessary to prepare and manage projects supported by these funds.

For many of the EU funds (notably EAFRD and EMFF) there has been a notable increase in the number of Articles directly and indirectly allowing integration of Natura 2000 needs under the 2014-2020 funding period. This may aid the relative standing of Natura 2000 related funding applications and presents an opportunity to increase use of EU funds.

Another significant opportunity is through revisions to Glastir under the RDP (EAFRD). The scale of the funding available to area-based measures (including agri-environment schemes), together with the fact that the majority of terrestrial Natura 2000 sites in Wales are on private farmland, suggests that the EAFRD/RDP has substantial potential to fund Natura 2000 management needs. Ongoing Natura 2000 management and monitoring funding needs for agricultural and forest landuses are estimated at £10.5m/yr within the 2013 PAF, which compares to an annualised figure of available RDP funds under area-based measures of £114m. Figures from 2012 demonstrate that actual RDP expenditure amounted to a small fraction of that forecast, although figures for 2014 showed a significant increase. A number of significant revisions are proposed for Glastir under the 2014-2020 RDP, which should foster significant increases in uptake, and therefore expenditure through Glastir, and improved effectiveness of expenditure.

At a strategic programming level, how EU funds are spent in Wales is determined in Operational Programmes (OPs) (and the Rural Development Plan for the EAFRD). These set out, within the EU-generated parameters, the spending priorities for the funding period. However, OPs for the current EU funding period (2014 to 2020) place limited emphasis on Natura 2000. Opportunities in future funding programmes would be enhanced by a comprehensive picture of the conservation issues and management needs for Natura 2000 sites, along with a clear understanding of how they relate to particular aspects of each fund. This would provide an organised and evidenced approach to influencing the OP design and help to secure greater emphasis on Natura 2000, and hence open up a larger window for successful Natura 2000-related projects to receive funding.

A number of actions which could be taken to try to promote and enhance the success of Wales Natura 2000 linked bids to competitive funds (EU and non-EU). These include:

- **Wider dissemination of best practice.** Evidence suggests that a lack of data and information relating to previous funding applications results in substantial duplication of effort or, more often, the decision not to proceed. For many funds (particularly LIFE and EMFF) experience of applications to Natura 2000 management is limited or non-existent in Wales. Better access to examples of best practice in Wales would be useful (such as the LIFE Anglesey Fens project, which is being used to demonstrate best practice for financial auditing and reporting of projects) and examples from elsewhere in the UK could

also be drawn up, given the relative scarcity of case studies for some funds in Wales. Wider use of the BetaEurope support service can underpin establishment of best practice.

- **Further development of discretionary funds to support funding applications.** Development of funding applications requires substantial upfront investments in coordination, evidence gathering and partnership development, and a key issue is the alignment of NRW annual funds with timeframes for EU funds and other funding sources. This can create problems for the identification of match funding in practice. Extension of the WEFO Targeted Match Fund could support applications for Structural Funds but there is a need for support to early costs of bid development. The SCoRE Cymru Fund (which currently supports the formation of academic bid partnerships in connection with H2020 Research and Innovation Funding) could be meaningfully extended to other partners to foster wider engagement with conservation management research. Similarly, the NRW Partnership Funding facility could be used to target the development of new funding partners in connection with EU funds, beyond established relationships to new opportunities (such as skills and education or tourism). The success of the Nature Fund has highlighted the potential of discretionary funding for developing partnerships that can secure other long-term funding arrangements. Such a fund could also be instrumental in providing 'top-up' match funding, similar to the WEFO Targeted Match Fund available to Operational Programmes.
- **Greater strategic coordination of funding applications.** Given the substantial resource requirements necessary to develop many funding applications (particularly for EU funds), greater coordination between programmes and projects could increase the efficiency of developing applications. In addition, co-ordinated applications at a more strategic level can be used to increase the scale of funds sought. For EU funds in particular many Natura 2000 projects are far too small to be appropriate when applying individually. This is particularly relevant for issues which may be less site-specific, such as marine fisheries where similar issues and needs may touch multiple Natura 2000 sites. Developing co-ordinated bids would require some central resources as site-level staff may not be able to dedicate the necessary time on work for which many of the benefits will be captured elsewhere.
- **Support and capacity building for funding bid preparation and ongoing management.** There is a need to build capacity in Wales regarding skills for bid preparation process, including integration of project management processes and management of external finance. Support is also needed to help projects 'deliver' by providing advice and resources for project managers. Common best practice resources would be helpful in this regard, since most projects have to address the same issues (e.g. communication, stakeholder analysis, promotional materials, financial control and reporting). There is evidence of substantial duplication of efforts between projects at present. Standard guidance or templates would streamline delivery in this regard.

5.3.2 Integration with other sectors

In addition to conventional sources of funding for Natura 2000, the nature of the network means that its management is closely linked to a number of policy priorities and programmes in other sectors. In some cases, this could point to additional funding sources for site management. In some instances these funding sources may be directly accessed, in others the funding need can be reduced by integrating Natura 2000 management needs into the plans and projects delivered by other sectors.

In particular, opportunities relating to the Water Framework Directive are likely to increase in the coming years as the objectives of second-round River Basin Management Plans come into force. This is likely to result in increased expenditure overall, and investment in natural solutions is increasingly viewed as a cost-effective means to meet management objectives. Funds for ecological restoration of catchments, such as the Natural Resources Wales and Dwr Cymru WFD funds, could be a valuable resource for providing investment in freshwater and

wetland N2K sites. They could also provide useful funds for terrestrial sites, addressing issues such as nutrient leeching through collaboration with farmers. Similar opportunities existing in other sectors, such as FCERM, notably through the developing National Habitat Creation Programme.

There are a number of limitations to the potential for integration. Fundamentally it is constrained by the need for sector expenditure to be focussed on sector objectives. That is, environmental enhancement expenditure linked to a proposed plan or scheme must still align with that sector's priorities (e.g. flood defence) or fund theme (e.g. research activities). This may limit the scale of action that may be feasible. In many instances an ecosystem services framework can be used to overcome this limitation by demonstrating the enhanced economic benefits of building in environmental enhancements – either directly to the policy area or more broadly to the sum of total benefits of a policy action or project.

It should also be recognised that where integration is sought with particular projects or schemes, there are likely to be geographical constraints – both in terms of the overlap with Natura 2000 and in terms of the relative scale compared to the management issue. For example, WFD and FCERM may provide significant funding opportunities only in specific Natura 2000 areas and for particular conservation issues.

Fundamentally, achieving integration requires significant levels of engagement and awareness raising with relevant parties, which demands substantial staff time without any associated funding. Increased integration benefits from early engagement in plan and strategy development in order to highlight opportunities for incorporating environmental enhancements that address Natura 2000 needs. In particular, there is a need for strategic level engagement at a landscape level to integrate sector plan, strategy, project and scheme activities with neighbouring areas.

However achieving improved integration need not require pro-active engagement, but can be reactive in response to consultations. Typically consultation responses on plans, strategies, projects and schemes focus on avoidance of negative impacts in relation to Habitat Regulations, with less emphasis on the potential for positive environmental enhancement. Improving the flow of positive ideas is an opportunity for increasing the integration of Natura 2000 management needs into plans, strategies, projects and schemes. This could involve identifying complementary or coherent activities or nature-based solutions to replace typical grey-infrastructure solutions.

5.3.3 Alternative funding approaches: opportunities, limitations and actions

A range of alternative funding sources could help to address some of the funding gaps for Natura 2000 management. Some of these are more innovative or emerging in nature, whilst others seek to tap charitable and third sector resources in new ways to address emerging needs for the network. A number of the opportunities that have been identified are market-based approaches, such as PES and marketed products. These approaches have the potential to raise finance for undertaking management actions, and/or incorporate the required management as part of implementing the particular approach.

Where market-based approaches are successful they hold the potential to be sustainable over the long-term with limited public sector support. However to-date they typically operate on relatively small scales and in underdeveloped markets and over the short term are likely to make only a minor contribution to addressing funding needs. Further, they can be constrained by specific site characteristic requirements or by high transactions costs which may limit the ability to deliver economically viable approaches.

Continued investment in the theory and practical applications of many alternative funding approaches is required in order to develop the understanding, institutions and frameworks for their successful application and development. In this sense, unlocking the potential of alternative approaches is necessary and will require investment, and hence funding of its own.

There are funding facilities available for such purposes, notably LIFE (including the new Natural Capital Financing Facility) and EAFRD (RDP). Using time-limited funding may help to prove the concept and establish schemes which are sustainable in the longer term.

ANNEXES

Annex 1 Funding Source Bibliography

It is intended that this bibliography will provide a useful starting point for prospective funding applicants for Natura 2000 related projects. As such, the focus is on sources of information relating to funding rather than individual funds. It is intended that this will improve the conciseness and accuracy of the document- ensuring it remains relevant as funding streams change over time.

A1.1 European Funding Sources

A1.1.1 Welsh European Funding Office (WEFO)

1. Author/organisation responsible:

Welsh Assembly Government

2. URL:

<http://wefo.wales.gov.uk/?skip=1&lang=en>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The WEFO is part of the Welsh Government and manages the delivery of EU Structural Funds in Wales. Its website acts as a central repository of information relating to national and EU project financing in the most recent programming period (2007-2013). However, guidance for the current period (2014-2020) is yet to be published online. A range of evaluations of application and funding successes are provided, and the site also provides links to support services for bid development, including an advice helpline and links to dedicated Specialist European Teams (SETs) within the Welsh Government and other bodies.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

WEFO is a valuable resource for information on the current use of EU funds, and should be considered a primary source for guidance material relating to applications for EU Structural Funds. However, as with these funds, the major focus of the WEFO is on impacts for economic development and employment growth rather than nature conservation objectives- this may limit the scope of Natura 2000 activities that WEFO can be of relevance to.

The WEFO also administers funding resources such as the Targeted Match Fund, last resort central match-funding for the European Structural Fund Programme, which could have particular application in the context of large scale (capital financing) of Natura 2000.

A1.1.2 Europa website

1. Author/organisation responsible:

European Union

2. URL:

www.wefo.wales.gov.uk

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Europa website is the central source of information relating to Natura 2000. One of its key resources is the 'Financing Natura 2000' webpage. This page collates a range of research activities relating to Natura 2000, including evidence of the economic benefits of the network in relation to specific economic sectors (eg. tourism) and a range of Member State case studies of assessing the costs and benefits of the network.

It is intended that this evidence of substantive benefits relating to the network can be used to develop additional financing opportunities. One of the key resources on the Europa site in this regard is the Financing Natura 2000 Guidance Handbook (Kettunen et al, 2014).

The Financing Natura 2000 Guidance Handbook outlines specific areas of congruence between research and innovation funding under Horizon 2020 (the EU's €80bn research and innovation grant framework for the 2014-2020 programming period) and various measures for Natura 2000. The Horizon 2020 pages of the Europa website include information on access to funding that have relevance to Natura 2000 funding, including a dedicated 'participant portal' advertising the two-year work programmes to be supported by H2020. The call search tool is updated regularly with new 'calls for proposals' within the two-year work programmes.

One particular development relating to Horizon 2020 is the introduction of a specific facility to provide €2.3bn of support to small-to-medium enterprises (SMEs): the Programme for the Competitiveness of Enterprises and SMEs (COSME). The majority of grants allocated under this facility are small-scale grants.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

Given the central role of EU funds in supporting the existing Natura 2000 network, the Europa website and associated information resources can be considered a core resource for financial planning of Natura 2000 in Wales. Drawing on evidence from published studies and best practice examples published on the Europa site can provide a means to optimise the use of existing funds for Natura 2000 such as the LIFE budget, EAFRD, and other Structural Funds.

However, the Europa website is also a valuable source of information relating to innovative financing of Natura 2000. The Horizon 2020 portal is one particularly relevant to the development and testing of new management approaches and/or evaluation of the past Natura 2000 management regime.

Regular updates to the Europa website will provide a valuable resource for information on changes to co-financing arrangements under Regional and Structural Funds that could impact on funding availability for Natura 2000.

A1.1.3 European Funding Directory for Wales

1. Author/organisation responsible:

Derek Vaughan MEP

2. URL:

<http://www.unllais.co.uk/documents/EU%20Funding%20Directory%20for%20Wales.pdf>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

Welsh MEP Derek Vaughan published this overview of EU funding resources relevant to Wales in early 2011. The directory outlines the major Structural Funds available in Wales under the 2007-2013 budget cycle, and describes how the scale and focus of these funds differ by region. Although the allocation of these funds has since changed under the new budget cycle, the directory provides a useful primer in where certain EU funds can be obtained within Wales.

In addition to Regional Funds, the directory also includes background information on eligibility for financing or co-financing in thematic areas, including environment (LIFE, Entrepreneurship and Innovation) fisheries (European Fisheries Fund for Wales) and agriculture (Rural Development Programme for Wales).

4. Date and frequency of update:

Last updated April 2011

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The age of this directory limits its applicability to Natura 2000 management in the current budget cycle (2014-2020). Nonetheless, the description of funding resources by theme and geographical area as well as eligibility criteria provides a useful introduction to the funding application process. By detailing funds such as the Entrepreneurship and Innovation Programme in the context of environment financing, in addition to more conventional funds such as LIFE, the document may encourage and support potential applicants to think more creatively about the type and structure of the funding resources they pursue from the EU.

A1.2 Public Funding Sources

A1.2.1 Natural Resources Wales Funding Update

1. Author/organisation responsible:

Natural Resources Wales

2. URL:

www.naturalresourceswales.gov.uk

3. Summary of information provided, including numbers and types of funding source covered, geography and level of information provided:

The Funding Update newsletter provides a general overview of funding news relevant to conservation in Wales, including new events, publications and environmental opportunities, as well as details on specific grants and funding competitions across Wales. These funding sources are categorised by their area of focus (for example, countryside management, access to the environment, coastal management, geological heritage, sustainable development, etc.). These funding opportunities are typically relatively small-scale (£1000-£25,000) although larger sources of funding are also highlighted - such as the Joseph Rowntree Foundation.

4. Date and frequency of update:

Monthly.

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The monthly update has a strong relevance to securing funding for ongoing management and supplementary financing of Natura 2000 sites. The funding news provided with each update provides a useful overview of the current funding context and specific opportunities that could be linked to existing sites (for example, new incentives for biomass production). Structuring the funding opportunities thematically allows bidding activities to be targeted towards the most relevant sources of support, but it also highlights the links between these priorities and may help responsible authorities to consider new or additional management activities on existing sites.

A1.2.2 ENTRUST Funders Directory

1. Author/organisation responsible:

Environmental Trust Regulatory Body

2. URL:

<http://www.entrust.org.uk/landfill-community-fund/finding-funding/environmental-bodies>

3. Summary of information provided, including numbers and types of funding source covered, geography and level of information provided:

ENTRUST is the regulator of the Landfill Communities Fund (LCF), an innovative tax credit scheme which enables Landfill Operators (LOs) to contribute money to enrolled Environmental Bodies (EBs) to carry out projects that meet environmental objects contained in The Landfill Tax Regulations 1996 (Regulations).

ENTRUST maintains a database of registered Environmental Bodies across the UK, including Wales, in its funders directory. ENTRUST have developed a new database called ENTRUST Online (EOL). It enables Environmental Bodies to access, update and file the regulatory obligations and submissions of landfill operators.

Schemes that distribute Landfill Communities Funds in Wales include:

- Biffawards, which supports projects across the UK which enhance communities and biodiversity.
- CWM Community and Environmental Fund, an environmental fund for community and environmental projects located within Carmarthenshire. Grants are between £5,000 and £50,000.
- Veolia Environmental Trust, a community and environmental projects near Veolia operated facilities and has funded some research projects.
- WREN Biodiversity Action Fund, which funds research, survey and monitoring work where there is a clear intent that this work will lead to actual conservation improvements in 7 Welsh counties (within a 10 mile radius of licensed landfill sites).

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The ENTRUST directory of funders has potentially substantial application to funding of Natura 2000. The Landfill Communities Fund has been highlighted in previous studies (eg. Kettunen, et al, 2011) as having potential for further development as an innovative financing source for Natura 2000, although one restriction relating to the LCF is that funds can only be spent on capital projects- rather than monitoring or other ongoing expenses. Nonetheless, many of the Environmental Trusts within the directory are engaged in a range of activities relating to nature conservation.

A1.2.3 Welsh Environment Research Hub (WERH)

1. Author/organisation responsible:

Bangor University

2. URL:

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Wales Environment Research Hub helps to co-ordinate environmental research in Wales to strengthen the evidence base for the Welsh Government. The Hub promotes collaboration between research providers in universities and research institutes, and users of research - primarily government and its agencies.

The Hub maintains a directory of over 50 funding sources on its website relating to a range of environmental activities including capital grants, monitoring and maintenance work, education and research. Funds vary in size from small-scale personal grants (£500), large-scale grants of up to £50,000, and national, European and research grants ranging from several hundred thousand to multi-million pound investments. Funding sources are structured thematically and geographically, and include a diverse range of public and private bodies, charitable organisations and application support services.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The WERH is updated regularly and provides a comprehensive source of information relevant to Natura 2000 at a range of geographical scales- from local (Welsh) sources to national and European scales. In

particular, these funding sources can support a range of activities relating to Natura 2000- including monitoring and evidence-gathering activities- that are less supported elsewhere.

A heavy focus on research grants and opportunities to support research activities is particularly relevant in the context of planning and monitoring of Natura 2000 areas, and may present good opportunities for small-scale monitoring and evidence-gathering activities that could support larger funding applications. This includes small-scale grants (£300-£500) as well as larger research grants to support ongoing research projects, typically in the region of £15,000.

A1.2.4 Welsh Government Research Service- Funding and Information: Environmental, Countryside and Climate Change Projects

1. Author/organisation responsible:

Welsh Government

2. URL:

<http://www.assemblywales.org/Research%20Documents/Funding%20and%20Information%20Environmental,%20countryside%20and%20climate%20change%20projects%20-%20Constituent%20factsheets-20122013-246824/faq13-001-English.pdf>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Welsh Government regularly updates a factsheet relating to research funding opportunities in the area of environmental, countryside and climate change projects. These factsheets provide an overview of current public, private and charitable funding sources available in Wales to support environmental projects.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

This factsheet is a valuable starting point for information on funding resources for Natura 2000 in Wales, providing background, eligibility criteria and contacts for a range of funding.

A1.2.5 Environment Wales

1. Author/organisation responsible:

Range of civil society partners (including Keep Wales Tidy, The National Trust, Wildlife Trusts Wales, WCVA, Groundwork in Wales, Cynnal Cymru-Sustain Wales and The Woodland Trust).

2. URL:

<http://www.environment-wales.org/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

Environment Wales works to provide advice and support to the development and funding of specific project activities relating to conservation in Wales.

The Development Officer Team works to provide community and voluntary groups with advice and support. Each project supported by Environment Wales is allocated a dedicated Development Officer who remains a constant point of contact. Environment Wales also provides funding through 5 different grant streams, directing funding towards projects rather than organisations or groups- applications for funding are considered on a monthly basis. Business development support and grants can be provided to

- Environmental improvement;
- Environmental education and awareness,

- Environmental enterprise,
- Environmental training and volunteering.

Environment Wales regularly produces an information pack on funding opportunities relating to environmental projects- including its own grant provisions. Grants range in size, from £600 one-off payments to £12,000 annual awards, and are contingent on 'match funding', where EW meets up to 75% of a project's costs with the remainder coming from other sources or 'in-kind' voluntary work. Because EW is financed by the Welsh Government, other organisations providing funds, such as NRW, Tourist Board, and some WCVA grants are included within the 75% threshold.

The Environment Wales Management Grant Scheme provides up to 6 years of funding for project-based personnel posts. Monitoring reports indicate that this funding is highly effective in building capacity in voluntary sector organisations and creating sustainable jobs. However, the fund is oversubscribed with applications outnumbering grants approximately fourfold each year (WEL, 2014). The deadline for Management Grant applications is usually October each year.

The Training Grant Scheme, meanwhile, is a £600,000 annual fund that covers training costs for volunteers and staff relevant to project activity, but is also oversubscribed as this covers the full spectrum of environmental community voluntary activity. The scale of individual Training Grants (£600) is also felt to be insufficient.

4. Date and frequency of update:

Monthly

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The range of grants administered directly by Environment Wales have a key relevance to specific management measures under Natura 2000.

Pre-project grants of up to £6000 are available to undertake feasibility studies, business plans ecological surveys and community appraisal of plans. This could be a valuable resource to address some of the additional costs of establishing innovative and new management mechanisms for Natura 2000, removing the additional financial risk of these measures and minimising the burden on existing public expenditure.

Similarly, Training Support grants provide small-scale funds (up to £600) that could be used to support public engagement activities and citizen involvement in the maintenance and monitoring of management measures on existing Natura 2000 sites. These activities could also be supported over longer periods through EW Management Grants (£1000-£12,000 pa).

It is important to note that priority for these funding sources is given to projects involving some degree of partnership delivery, innovation or public engagement, as well as impacts on local productivity or incomes. In this regard, there would appear to be a strong link with some of the socio-economic benefits of Natura 2000, and EW grants could be a valuable source

A1.2.6 Welsh Government Glastir Woodland Creation and Woodland Management Schemes

1. Author/organisation responsible:

Welsh Government/Natural Resources Wales

2. URL:

<http://www.forestry.gov.uk/glastirwoodland>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

Although the functions of the Forestry Commission Wales have since been superseded by Natural Resources Wales, the Welsh Government maintains information on the forest grant schemes at the time of writing. These are now administered by the Welsh Government under the Glastir Woodland Creation and Woodland Management Schemes. All landowners in Wales with more than 0.25ha are eligible to

apply for these schemes. For woodland creation, this entails an establishment grant (ranging from £3500-£5000/ha) a fencing grant and compensation for income foregone. The Glastir Woodland Management Grant can support a wide range of activities including habitat restoration, silvicultural improvements and the management of invasive species. Woodland infrastructure like tracks and paths can also be funded.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

Woodland creation and maintenance can play a significant role in the maintenance of biodiversity (including the maintenance of woodland species) providing habitat and increasing the resilience of ecosystems to climatic events. Within the Natura 2000 network, native woodland has a pivotal role to play in supporting valued species and habitats and the NRW website provides a useful overview of the range of incentives available to finance the creation and ongoing maintenance of woodland in Wales.

A1.3 Private Funding Sources

A1.3.1 GrantScape

1. Author/organisation responsible:

GrantScape

2. URL:

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

GrantScape is a charity which specialises in grant management and is one of the UK's major grant-makers, having developed a range of customer-focused community fund management services for organisations and individuals. The focus of GrantScape's activities is on projects that aim to strengthen local communities and protection of the natural environment.

GrantScape maintains a grant finder search engine, which provides up-to-date links to funding sources across the UK. Currently, the only active link of relevance to nature protection in Wales is in Carmarthenshire- the CWM Community and Environmental Fund, which provides grants of £5000-£50,000 from the Landfill Communities Fund

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

At present, GrantScape has only limited relevance to Natura 2000 funding in Wales through the CWM Community and Environmental Fund in Carmarthenshire. However, this could change in the future and notably GrantScape manages other grants in Wales, such as those relating to renewable energy on Anglesey. A focus on community cohesion and nature protection could be linked to certain aspects of Natura 2000 management, for example, management planning, stakeholder engagement and educational activities.

A1.3.2 Biffa Award

1. Author/organisation responsible:

Royal Society of Wildlife Trusts

2. URL:

<http://www.biffa-award.org>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

Biffa Award provides support for UK projects that provide or improve community spaces for outdoor recreation, and for site-based projects that protect and enhance biodiversity. Over £145m has been allocated to environmental projects since 1997. Funding is provided under the following schemes:

- Small grants of between £250 and £10,000
- Main grants of between £10,000 and £50,000
- Flagship projects between £100,000 and £500,000

Funding for the Award comes from landfill credits donated by Biffa Group Ltd, and the Award is administered by the Royal Society of Wildlife Trusts. The listing of grants and projects could provide a useful starting point for identifying project partners for the development of grant applications for Natura 2000.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The focus on biodiversity protection as a funding theme, coupled with the substantial amounts of funding available under the Biffa Award, suggests that this has particular potential to be developed as a source of Natura 2000 financing. The scale of main grants is particularly suitable to undertake maintenance and monitoring works or for personnel recruitment, whilst the administration of the award by the Wildlife Trusts provides a natural partner for project delivery and further fundraising.

A1.3.3 Welsh Water/Dwr Cymru

1. Author/organisation responsible:

Welsh Water

2. URL:

<http://www.dwrcymru.co.uk/en/Environment/Water-Framework-Directive-Projects.aspx>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

One of the key funding resources on the Welsh Water website is the Water Framework Directive funding scheme, which was launched in 2012 with around £400,000 of funding, and extended by a further £150,000 the following year. The focus of the fund is supporting the activities of non-profit organisations for projects that will deliver improvements to Welsh rivers, lakes and waterways.

Projects supported have been mostly focused on realising improvements to the aquatic environment through reducing phosphate and nitrate runoff from various agricultural practices, although a range of other activities including environmental education, awareness and species protection projects have been supported.

The Welsh Water website provides general background on the requirements of implementing the Water Framework Directive in Wales, as well as some of the specific agri-environmental opportunities this represents. As such, this provides a useful starting point for pursuing information relating to catchment-based conservation works funding.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

There are growing examples across the UK of water utilities financing agri-environment and other measures to realise improvements to the aquatic environment in a cost-effective manner. This has a

range of potential applications to Natura 2000- from supporting management of water bodies within N2000 sites to supporting agri-environmental measures and behaviour that also reduce impacts on biodiversity. As such, such payments and grant schemes may have strong potential to support ongoing maintenance work on Natura 2000 sites. In addition, the coming round of River Basin Management Plans are expected to involve a substantial increase in citizen engagement and there may be a good congruence with educational and volunteering opportunities within Natura 2000. Notably, a range of environmental education and awareness-raising initiatives have been supported by Welsh Water's WFD fund, in addition to direct management activities.

A1.3.4 The Naturesave Trust

1. Author/organisation responsible:

Naturesave Insurance

2. URL:

<http://www.naturesave.co.uk/the-naturesave-trust/about-the-trust/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Trust supports environmental and conservationist groups in the UK. Grants are available to fund projects that deal with specific environmental and/or conservationist problems, and that encourage the greater commercial adoption of sustainable development. The trust is financed using a 10% levy on insurance policies issued by Naturesave.

Projects funded across the UK have included a range of landscape maintenance and habitat creation projects, woodland conservation and species protection programmes with the Wildlife Trusts. There is a strong focus on conservation work that is linked to community engagement.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The Naturesave Trust appears to be a valuable source of funding for a diversity of conservation groups and projects across the UK, and could be a useful source of support for conservation and monitoring actions targeted at specific species within N2000 sites, or for diversification of recreational and educational activities at existing sites to encourage wider public engagement with the network.

A1.3.5 Environmental Funders Network

1. Author/organisation responsible:

Environmental Funders Network

2. URL:

<http://wefo.wales.gov.uk/?skip=1&lang=en>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Environmental Funders Network (EFN) is an informal network of trusts, foundations and individuals making grants on environmental and conservation issues. In addition to publishing regular studies and reports focusing on the structure and allocation of environmental donations and grants to conservation projects, the EFN also maintains a member's database of (currently) 76 trusts and foundations actively involved in financing conservation issues relating to habitat or species protection. The majority of these organisations reportedly focus exclusively on conservation issues. The geographical focus of these projects is predominantly UK-based- although there are a handful of sources with key relevance to conservation in Wales.

The EFN provides substantial information on wider trends in the volume and structure of charitable giving across the UK- pointing to growth areas for applicants and other decision-makers to capitalise on. Its publication 'Where the Green Grants Went' provides a useful primer on patterns of conservation funding across the UK- including Wales.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The EFN has some relevance to Natura 2000 financing- particularly for those seeking smaller funding awards from charitable trusts. In particular, the regular analysis of funding sources published on the EFN webpages will allow would-be funding applicants to keep abreast of emerging opportunities for public and private funds and to develop opportunities for partnership delivery of conservation projects with organisations in the culture and heritage sectors.

A1.3.6 Big Lottery Fund – Funding Finder

1. Author/organisation responsible:

Big Lottery Fund/The National Lottery

2. URL:

<http://wefo.wales.gov.uk/?skip=1&lang=en>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Big Lottery Fund (BIG) provides support to a range of conservation initiatives across Wales, including a £600,000 Climate Change Programme, which has provided support to projects such as the Community Land Advisory Service, which seeks to enhance community and environmental resilience in the face of climate change- this will result in the initiation of 75 new projects across Wales.

The 'Our Environment, Our Future' programme is a £30m BIG supported programme that aims to invest in 25-35 projects across the UK, providing young people with access to skills and training linked to environmental improvement and the green economy.

Similarly, BIG's recently-completed Mentro Allan programme ran across Wales and focused on engaging sedentary adults in priority groups to engage in physical activity in the natural environment.

BIG maintains a Funding Search Engine, which currently provides links to six funding programmes in Wales, most of which have a social inclusion focus. The most relevant of these is the Awards for All Wales programme, which provides small grant awards of £500-£5000 to non-profit organisations engaged in projects such as environmental improvement.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

In comparison to other Lottery Funds, the BIG has perhaps less relevance to direct financing of Natura 2000 than the Heritage Lottery Fund (see below) which explicitly addresses maintenance of the natural environment. However, the fund's focus on community projects and social engagement could provide opportunities to develop volunteering works and other niche activities around existing Natura 2000 sites.

A1.3.7 Heritage Lottery Fund

1. Author/organisation responsible:

Heritage Lottery Fund/The National Lottery

2. URL:

<http://www.hlf.org.uk/HowToApply/programmes/Pages/programmes.aspx#.VBrKFxZpszo>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Heritage Lottery Fund administers a range of grant programmes between £3000 and over £5m. The focus of many of these programmes is on the built environment, although there are a number of programmes, such as Landscape Partnerships and Skills for the Future, that have an explicit focus on maintenance of the natural environment. The RSPB, for example, currently provides 27 traineeships relating to ecological monitoring and recording under the Skills for the Future Fund.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

One of the key nature initiatives supported by the Heritage Lottery Fund is 'Landscape Partnerships'-a grant programme which is normally delivered by a partnership made up of regional, national and local organisations with an interest in the area, community groups and members of the community. The programme is based round a portfolio of smaller projects, which together provide long-term social, economic and environmental benefits for rural area. As such, there is a key potential to build on the wider socio-economic benefits derived from Natura 2000 sites by local communities (Gantioler, et al, 2010).

Similarly, Skills for the Future and similar heritage training grants could provide a valuable support to skills and capacities necessary to ensure the maintenance of datasets and monitoring activities relevant to Natura 2000 sites.

A1.3.8 Arcadia Environmental Fund Directory

1. Author/organisation responsible:

Arcadia Environmental Fund (AEF) is a charitable fund, supporting charities and scholarly institutions that preserve cultural heritage and the environment. Arcadia also give grants that promote open access to research and academic information relating to these themes.

2. URL:

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Arcadia Fund is both a direct source of financing for preservation of cultural heritage and the environment, and a directory of similar grant and loan financing sources for conservation projects elsewhere. One key element of the Fund Directory is a link to research grants awarded by UK research institutes and universities- which could present opportunities for funding specialist environmental research and monitoring.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

Although there are no specific examples of AEF or associated funds being applied in Wales, the focus of the fund on cultural heritage and the natural environment appears to have a strong relevance to Natura 2000 management in Wales, in line with a trend towards 'cross-cutting' themes in allocation of grants (for example, blending heritage grants with environmental measures). As a starting point for information on academic and research institute support, the AEF Directory could have a good relevance to supporting ongoing data collection and monitoring activities.

A1.3.9 The Prince's Countryside Fund

1. Author/organisation responsible:

The Prince's Countryside Fund

2. URL:

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Prince's Countryside Fund provides funding to projects across the UK that can enhance rural communities through new services, build stronger rural livelihoods, or address skills and training needs relating to the rural economy. Grants of up to £50,000 are awarded on a three-year basis.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The Prince's Countryside Fund has a particular focus on rural skills and employment, and could thus be beneficial for the development of new business opportunities around Natura 2000. Given that much of Wales' Natura 2000 sites remain in private ownership, using such grants to fund 'upskilling' of farmers and landowners in biodiversity management could provide greater access to national and EU funds whilst yielding improvements in the management of biodiversity.

A1.4 Other Funding Sources

A1.4.1 GRANTfinder

1. Author/organisation responsible:

GRANTfinder is a comprehensive online resource for funding opportunities and funding news. It is maintained by Idox, and a number of public sector and charitable funding organisations have integrated GRANTfinder within their own funding search engines.

2. URL:

<http://www.idoxgrantfinder.co.uk/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

GRANTfinder's funding opportunities primarily source from UK entities and Local Authorities, although records of EU funds are also maintained. Over 8000 funding schemes including grants, loans, and awards from local, regional and national government, as well as European institutions, corporate sponsors and charitable trusts are listed. In addition to funding opportunities, the website also maintains news and updates relating to existing funds, such as the Glastir Organic Scheme for farmers and landowners delivering environmental land management in Wales. In addition to the main GRANTfinder search tool, Idox also maintains specific search tools relating to educational and community projects.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

Access to GRANTfinder is normally provided to public authorities and charitable organisations- so access to individuals may be limited. Some GRANTfinder users in the public sector have questioned the relevance of GRANTfinder in a Welsh conservation context- particularly given the broad focus of the tool and the lack of a dedicated environmental funding search engine. Nonetheless, GRANTfinder may be a useful source of information on funding opportunities in other areas that could be linked to Natura

2000 management- such as grants for environmental education and community engagement in conservation areas.

A1.4.2 Wales Council for Voluntary Action

1. Author/organisation responsible:

The Wales Council for Voluntary Action (WCVA) is a third-sector initiative with financial support from the Welsh Government. The association administers the Volunteering Wales Fund and provides ongoing training and funding advice services for the third sector.

2. URL:

<http://www.wcva.org.uk/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

Since 2000, WCVA has developed and managed projects with a range of funders that has seen £250m of funding reach third-sector organisations across Wales.

The WCVA maintains a Third Sector Funding Portal, based on GRANTnet, which provides details of over 4000 funding opportunities across a range of providers. Once the user has registered on GRANTnet, they can undertake funding searches and will be provided with details of appropriate funding local sources. These search results are then made available to the WCVA Helpdesk, who provide more detailed information on funding schemes suitable for the project.

In addition to its search functions the WCVA also manages a number of funds directly, including the Environment Wales fund, which provides grants of between £1000 and £12,000. It also manages similar funds such as Volunteering in Wales (which provides grants of up to £25,000 to 70 organisations across Wales) and Gwirvol (a youth volunteering grant scheme).

In addition to direct information on funding sources, the WCVA also provides a wealth of support and information materials relating to funding applications. One WCVA initiative 'Catalyst Cymru' offers free advice and support to individuals and organisations engaged in landscape and natural heritage projects. This includes networking and workshop events to support fundraising activities.

Beyond grants, a major focus of WCVA is on loan financing, and over £4m of loans have been provided to third-sector organisations since 2006.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

As a representative of a range of charitable organisations across Wales, WCVA brings together a range of different interest groups who may benefit from investment in Natura 2000 sites and matches them with funders. Grant schemes such as Environment Wales have good potential to support some small-scale capital and improvement works on sites as well as maintenance and monitoring activities, but other grant schemes to support training and volunteering across Wales could also benefit from focusing their activities on the natural environment.

In addition to providing direct funding resources, the WCVA funding search portal complements the comprehensiveness of GRANTnet with provision of more detailed, locally-relevant information from the WCVA helpdesk. The provision of free training, business development and networking events may also be important, in terms of bringing together the range of interests engaged in Natura 2000 and encouraging the development of collaborative funding bids.

In addition to grants, loan financing may be another valuable source of funding to support the development of new long-term financing sources (eg. recreational and ecotourism opportunities) within the Natura 2000 network.

A1.4.3 Sustainable Tourism Powys

1. Author/organisation responsible:

Sustainable Tourism Powys is a grant-awarding initiative, supported by Powys County Council together with Powys Regeneration Partnership and Rural Development Fund.

2. URL:

<http://www.tourismpowys.org>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

Sustainable Tourism Powys introduced four grants funds in April 2011 with a funding pot available for tourism micro businesses, groups and organisations to bid up to £10,000 to support their work. Grants totalling £870,000 have so far been awarded to 235 projects in Mid-Wales: areas supported include woodland trails, high rope course, cycle tracks, music and arts events, and activities for improving access to the outdoors. The website notes that whilst the current grant scheme has come to an end, a waiting list is available for allocation of anticipated new funds, or reallocation of existing funds.

Grants offered are typically small-scale (£5000-£10000) and are structured thematically- including in the areas of 'Activity and Wildlife Tourism' (capital investments, facilities and equipment, signage and interpretation, marketing activities) and 'Sense of Place' (development of local food clusters or trails, cultural and heritage activities). Grants are typically limited to SMEs (1-10 employees, annual revenue below £2m).

The website also includes information about emerging funding opportunities such as the formation of Local Action Groups for the upcoming LEADER programme of Rural Development Funding in Wales. LEADER (Links between the rural economy and development actions) is one of the key elements of the Rural Development Policy 2014-2020.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

Resources such as Sustainable Tourism Powys have a potentially significant role to play in the diversification of funding for existing Natura 2000 sites. As a predominantly rural county, Powys is well-placed to capitalise on the rural development opportunities of sustainable tourism offerings. The ability of sustainable tourism schemes to derive additional revenue from (relatively marginal) tourism sectors whilst minimising impacts on the natural environment has a key relevance to the development of appropriate tourism activities on Natura 2000 sites. The size of these awards is appropriate for developing niche, small-scale recreational activities such as walking trails whilst ensuring that these do not impact on the conservation functions of sites. As small-scale grants, these sources represent a relatively low-risk means of diversifying and experimenting with new revenue streams for Natura 2000.

A1.4.4 Carmarthenshire Association of Voluntary Services (CAVS)

1. Author/organisation responsible:

CAVS is a voluntary organisation, providing support and information to third sector organisations and projects operating in Carmarthenshire.

2. URL:

<http://www.cavs.org.uk/category/funding/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

CAVS membership is open to all voluntary or community groups who are based or provide services in Carmarthenshire. The CAVS funding portal includes information and links to a variety of grant and loan-making organisations across the county, including Welsh funding opportunities relating to the

Woodlands Trust, Carmarthenshire Environment Partnership grants, as well as skills and training support resources relating to the natural environment and environmental records.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

Although CAVS is limited to Carmarthenshire, this county-level focus ensures that information is appropriate to local concerns and issues and provides a useful starting point for engaging with potential funders. From a Natura 2000 perspective, CAVS is a useful resource for obtaining information in relation to ongoing monitoring and management of sites, including small-scale grants for non-routine maintenance works and bursaries for skills and training relating to management and record-keeping.

A1.4.5 The Fund for Wales

1. Author/organisation responsible:

The Fund for Wales is a campaign of the Community Foundation in Wales, a charity which awards and promotes philanthropic giving in areas including environment, health, culture, communities and education across Wales.

2. URL:

<http://www.cfiw.org.uk/eng/home/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Fund for Wales awards small grants of between £500 and £1000 to community-driven volunteer groups aiming to deliver better outcomes for community cohesion, urban and rural environments and physical activity. One of the aims of the fund is to combat the concentration of charitable giving between a handful of sources and recipients by providing a source of small-scale funding to a diversity of recipients and activities. Donations to the fund by the public or organisations are currently matched with funds from the Big Lottery Fund to effectively 'double' their scale.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The Fund for Wales (and other charitable activities administered by the Community Foundation Wales) could be a useful source of information for funding certain Natura 2000 activities because of the relatively niche and small-scale activities supported. These funds could be used to support investments that would fall outside 'day-to-day' expenditure on sites by local authorities and conservation authorities but could nonetheless yield benefits for biodiversity and the rural economy. For example, the Fund for Wales has provided support to Bardsey Island Bird and Field Observatory to purchase new monitoring equipment. Similar equipment and maintenance needs, as well as resources for volunteers, could be supported through small-scale grants.

A1.4.6 Esmée Fairbairn Foundation

1. Author/organisation responsible:

The Esmée Fairbairn Foundation

2. URL:

<http://esmeefairbairn.org.uk/what-we-fund/sectors/environment>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Esmée Fairbairn Foundation (EFF) has awarded over £26.9m of grants to environmental projects in the past 6 years, with grants in 2013 totalling £4.4m. The focus of these investments includes landscape-level projects that benefit multiple habitats or species, projects that connect individuals and communities, and conservation of the coastal and marine environment, as well as projects that encourage environmental entrepreneurship and projects that blend conservation with other areas of interest, such as the creative or arts sectors. These include marine programmes for Yorkshire Wildlife Trust, brownfield greening projects in Northeast England and habitat protection programmes for CHEMTRUST.

Substantial grants (as high as £960,000 in some cases) have been awarded to a number of Wildlife Trusts across the UK to finance the purchase and maintenance of valuable ecosystems and landscapes for a variety of conservation and flood management purposes.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The EFF has significant potential as a source of funding support for Natura 2000 in Wales- particularly as a source of support for acquisition of land and maintenance works. Analysis of the grants database shows that conservation awards in Wales have been relatively small-scale in relation to investments in England and Scotland. As such, there may be substantial opportunities to develop new projects via the Welsh Wildlife Trusts and existing institutional recipients. One high-profile example in Wales is the conservation group Pori Natur a Threftadaeth Ltd, which has received a capital grant of £99,350 to support Anglesey Grazing Animals Partnership- a landscape-based strategic approach to biodiversity management. Similar approaches could be developed elsewhere for the management of Natura 2000 sites.

A1.4.7 The Woodland Trust/Coed Cadw

1. Author/organisation responsible:

The Woodland Trust/Coed Cadw is the UK's leading charity championing native woods and trees. It has 300,000 members and supporters across the UK. A specific website is maintained to focus on its actions in Wales.

2. URL:

www.coed-cadw.org.uk

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Woodland Trust/Coed Cadw undertakes a range of projects to conserve and encourage the expansion of native trees across Wales on behalf of NRW, and has recently been awarded £1.9m from the Heritage Lottery Fund to undertake an ancient woodland restoration project.

The Woodland Trust produces a range of guidance materials on its website providing advice to landowners and woodland managers on how to access different funding sources relating to native woodland planting and management. The majority of these focus on governmental incentive schemes such as Glastir Woodland Agreements, although information is also included on other schemes.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The work of the Woodland Trust/Coed Cadw in promoting expansion of native woodland has potentially significant benefits for biodiversity. In addition to providing an added source of revenue for landowners through planting of native species (thereby allowing receipt of Glastir payments and other silvicultural incentives) the Woodland Trust/Coed Cadw has a high visibility and established track record as a recipient of donor funds for its activities from a variety of sources.

A1.4.8 Wales Environment Link

1. Author/organisation responsible:

Wales Environment Link (WEL) is an umbrella body for a range of countryside and environmental non-governmental bodies in Wales.

2. URL:

<http://www.waleslink.org/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

As an umbrella body for conservation groups in Wales, the WEL is a valuable source of ongoing information relating to funding opportunities in a range of environmental areas. The WEL website includes updates and links relating to a range of funding sources, including Welsh Government sources, WCVS associations and various charitable trusts.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

The WEL is a useful resource for information on Natura 2000 funding specifically- both through links to established funders and through analysis of related and emerging issues- the WEL regularly publishes analysis and issue papers relating to areas such as ecotourism and conservation, that can be useful in developing funding opportunities in these areas. The website is regularly maintained and represents a useful starting point for further information on funding developments in the public sector, in particular. It also provides a useful forum for recipients of funding to articulate future funding needs in relation to Natura 2000 and to link these groups with new funders.

A1.4.9 The Waterloo Foundation

1. Author/organisation responsible:

The Waterloo Foundation (TWF) is an independent grant-making Foundation created in 2007, and based in Cardiff.

2. URL:

<http://www.waterloofoundation.org.uk>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The Waterloo Foundation has two main themes: marine conservation, and protection of tropical rainforests. Most grants are allocated to specific projects carried out by non-governmental organisations operating internationally, although strategic funds have also been provided to non-profit organisations working in areas such as marine advocacy.

However, as a Welsh-based charity, the Foundation also supports a range of care charities, employment and entrepreneurial charities (including the Prince's Trust Cymru) and community energy grants. Welsh grants typically range from £5000-£25000, and applications are open in March, July and October each year for awards in the following year.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

Although there are limited examples of direct funding to Welsh conservation groups, the focus on grant funding to local organisations in Wales suggests that there may be good opportunities for pursuing funding relating to areas of marine and fisheries conservation management through the environment

fund. In addition, the existing Welsh funds could be used to develop niche activities around existing Natura 2000 sites, including small-scale enterprises, specialist training in conservation management, and bioenergy projects.

A1.4.10 Brecon Beacons Trust

1. Author/organisation responsible:

The Brecon Beacons Trust (BBT) is a charitable company established to help people, communities and voluntary organisations achieve positive environmental conservation and enhancement within the Brecon Beacons National Park.

2. URL:

<http://www.breconbeaconstrust.org/>

3. Summary of information provided, including numbers and types of funding sources covered, geography and level of information provided:

The trust supports projects relating to environmental conservation, protection and improvement of the Brecon Beacons, as well as projects relating to greater environmental awareness and knowledge of the park's natural environment. As of February 2012, the Trust had dedicated £500,000 of grants to a range of projects within these themes, including a number of 4-5 year partnership projects with organisations such as RSPB Cymru, Wye and Usk Foundation and Vincent Wildlife Trust. In addition to these grants, a range of other educational and recreational programmes have been financed to promote wider engagement with the natural environment of the park.

In all cases the Trust will ensure that its grant aid is used to achieve charitable purposes that demonstrate public benefit and also meet the Brecon Beacons Trust's own charitable objectives. The Trust will consider providing a maximum grant of 75% of a projects costs, up to a maximum grant of £30,000 per annum, whichever is the smaller.

The Trust maintains a listing of historical grants awarded- providing information on some of the associated organisations and projects that have been jointly delivered. These partners could be a useful starting point for future financing of Natura 2000 conservation.

4. Date and frequency of update:

Ongoing

5. Commentary on usefulness and applicability of information to Natura 2000 funding

There are currently 10 Special Areas of Conservation within the Brecon Beacons- so there may be good opportunities to engage the Trust in funding activities within its thematic areas of conservation and environmental education. Grants allocated to date demonstrate the good potential of the Trust as a funding partner for conservation projects over a number of years.

Annex 2 Review of EU funds

This annex includes a review of the EU funding instruments which have the potential to address Natura 2000 funding needs. The annex covers the following EU funds:

- European Agricultural Fund for Rural Development (EAFRD) – including a review of the Rural Development Plan in general and a more specific review of Glastir.
- European Agricultural Guarantee Fund (EAGF)
- European Maritime and Fisheries Fund (EMFF)
- European Regional Development Fund (ERDF)
- European Regional Development Fund (ERDF): Ireland-Wales Territorial Cooperation Programme
- European Social Fund
- Horizon 2020
- LIFE

European Agricultural Fund for Rural Development

Objectives	<p>The Wales Rural Development Programme 2014-2020 (RDP) is a 7 year European Agricultural Fund for Rural Development (EAFRD) programme funded by the European Union and Welsh Government. The RDP is being built around:</p> <ul style="list-style-type: none"> ■ Human and social capital ■ Investment measures ■ Area based measures (60% of total support) ■ LEADER and local development
Funding available	<p>Total RDP funds for 2014-2020 are expected to amount to €953 million (including co-financing), representing an 8% increase compared to the previous funding period:</p> <ul style="list-style-type: none"> ■ Human and social capital (£105m) ■ Investment measures (£143m) ■ Area based measures- including agri-environment agreements (£572m) ■ LEADER and development (£95m) <p>The Welsh Government is proposing to provide domestic co-financing at a rate of 57%.</p>
Opportunities for Natura 2000	<p>Area-based measures:</p> <p>Area-based measures provide the most relevant block for Natura 2000. Specific elements include: agri-environment, climate, forestry, organic scheme and the Water Framework Directive. Natura 2000 measures are notably not included within the programme.</p> <p>The scale of the funding available to area-based measures, together with the fact that the majority of terrestrial Natura 2000 sites in Wales are on private farmland, suggests that the EAFRD/RDP has substantial potential to fund Natura 2000 management needs.</p> <p>A number of proposals to amend the Glastir scheme, through which funds for area-based measures are administered, have been proposed. The Glastir Advanced scheme will remain the principle mechanism for delivering support for targeted integrated ecosystem services, which is of particular relevance for Natura 2000 sites. There are proposals for a new Glastir Habitat Network scheme that may enable a more focused approach to delivering for key European sites and/or species.</p> <p>Ongoing Natura 2000 management and monitoring funding needs for agricultural and forest landuses are estimated at £10.5m/yr within the 2013 PAF, which compares to</p>

	<p>an annualised figure of available RDP funds under area-based measures of £114m. . Figures from 2012 demonstrate that actual RDP expenditure amounted to a small fraction of that forecast, although figures for 2014 showed a significant increase.² (It is not possible to isolate expenditure relating to Natura 2000 sites).</p> <p>A number of significant revisions are proposed for Glastir under the 2014-2020 RDP, which should foster significant increases in uptake, and therefore expenditure through Glastir, and improved effectiveness of expenditure. Proposed changes to the scheme and related developments under the new funding round include the following:</p> <ul style="list-style-type: none"> ■ The Welsh Government is proposing to introduce facilitators to work with potential applicants to identify knowledge gaps, skill development and specialist advice to improve the delivery of outcomes. ■ The RDP is proposing funding for the recruitment of development officers to help facilitate co-operative applications to landscape level schemes such as Glastir Advance. ■ An increased budget for woodland creation and management. (Although some stakeholders have questioned if sufficient demand exists to meet this expenditure). ■ Increased targeting of whole farm agreements (and a reduced role for general Entry Level Agreements). ■ An increased small grants budget for small-scale measures. ■ The Co-operation Fund will support capital investment and funding of facilitators to areas that will support development of new products/markets, development of community-grown food, and Woodland Establishment/Woodland Management Plans. ■ Article 30 allows payments to compensate for any additional costs and income foregone, over and above cross-compliance requirements, incurred due to the implementation of management plans under the Birds and Habitats Directives. ■ The Farm Advisory Service will be expanded to cover wider advice provision beyond cross-compliance for farm, forestry, food and priority SMEs/micro-enterprises operating in rural areas, T this may include wider environmental actions e.g. minimum requirements for ecosystems delivery, plant health, biodiversity and habitat management. <p>Since the RDP only allows for compensation of income foregone and costs incurred, there may be limited incentives to pursue ongoing improvements to site condition. On the basis that management actions usually provide a range of public and private goods, there may be scope to link Agreements to branding and certification schemes, as well as PES measures in the longer term. Revisions to Glastir place increased emphasis on sustainable production, modernisation and diversification of land based businesses. In this regard, it is hoped that the revised Glastir will be flexible enough to be able to work with complementary market based approaches to incentivise land managers to deliver critical changes in ecosystem service provision – although it is not yet clear how this would work in practice.</p>
<p>Limitations & constraints</p>	<ul style="list-style-type: none"> ■ The RDP in Wales (unlike EAFRD in other Member States) does not include a specific allocation to Natura 2000 measures. Instead, Natura 2000 management is financed by more general agri-environment and woodland management measures. This subjects them to competition with wider farmed and forested areas. Natura 2000 measures are not included in UK RDPs on the basis that positive management (through the other programme measures) is seen as a more relevant approach than providing compensation for the restrictions associated with their designation. ■ Funds for agri-environmental schemes under the RDP are only allowed to compensate for costs incurred/income foregone, which imposes limits on the provision of incentives for participation. Nonetheless, this is the case for other agri-

² Wales Audit Office (2014). Glastir.

	<p>environment schemes elsewhere in the UK (which have seen higher uptake) suggesting that levels of compensation is not the only barrier to participation.</p> <ul style="list-style-type: none"> ■ Insufficient support to landowners in the design and implementation of agri-environmental measures often results in sub-optimal outcomes. ■ Competition for funds: Natura 2000 management is only one issue seeking to utilise RDP funds. The Welsh Government's objectives for biodiversity, cultural landscapes, climate change mitigation, flood risk management, soil health, and water quality – all of which may seek RDP funding – were estimated by one 2009 study to amount to £165m per annum³, significantly exceeding the annual programme budget. ■ Insufficient support to landowners during the Glastir application process often leads to suboptimal environmental outcomes. Overall, the application process is viewed as overly bureaucratic and insufficiently targeted towards conservation objectives. The costs of interventions have increased due to increases in the sector gross margins, which are the reference point for income foregone payments ■ Most landowners lack the necessary expertise to 'sell' their services to businesses and other beneficiaries, and would require additional support and mentoring to combine and enhance other funding approaches.
<p>Increasing uptake & integration</p>	<ul style="list-style-type: none"> ■ The changes to Glastir for the 2014-2010 period are anticipated to increase the uptake and effectiveness of the scheme. Given previous levels of uptake and expenditure there is significant potential to increase funds utilised to address the Natura 2000 funding needs. ■ Advisory support, either from conservation organisations or through a farmer training scheme such as Farming Connect, could help ensure better design and implement of management measures. The RDP Technical Assistance Facility (£38m) could provide a potential source of funding support for such measures. ■ Increased capacity-building for landowners would be beneficial. ■ Common Natura 2000 and ecosystem service related advice should be embedded within the expanded Farm Advisory Service ■ Specific measures could be taken to increase the opportunities for diversification of rural income around the Natura 2000 network: ■ Endorsement of recognised standards by NRW, such as the Woodland Carbon Code, could aid the integration of private funds as a supplement to Glastir. Endorsement of wider initiatives such as the High Nature Value Farming concept, could support the development of branding schemes which provide additional financial incentives for agri-environment measures. ■ Identification of beneficiaries remains a barrier for most would be participants - mentoring and support, as well as identification of areas and stakeholders with particular potential (similar to the opportunity zones identified under the Nature Fund) could provide a means to link scheme participants with local beneficiaries. ■ Explore scope for combining with private PES schemes / marketed products that deliver private funding of capital and infrastructure items supported by ongoing RDP maintenance payments. ■ Develop official endorsement of branding and certification schemes to create additional incentives for involvement (possibly using funds from the wider RDP programme to complement agri-environment and woodland incentives. ■ Targeting measures at the landscape scale could increase the efficiency of design and monitoring. ■ Proposed revisions to Glastir seek to address a number of relevant limitations that relate to uptake of funds benefiting Natura 2000 sites.

³ Estimating the Scale of Future Environmental land Management Requirements for the UK". Cao, Y., Elliott, J., McCracken, D., Rowe, K., Whitehead, J. and Wilson L. Report to Land Use Policy Group by ADAS & Scottish Agricultural College. December 2009

Common Agricultural Policy – Direct Payments to Farmers

Background & relevance	Direct Payments to Farmers is the Welsh programme linked to Pillar 1 of the Common Agricultural Policy (CAP), and replaces Single Farm Payment. The aims of the programme are to provide support for farmers to manage their land in an environmentally sustainable way, and to maintain animal welfare standards to make farms more secure in the long term.
Funding available	<ul style="list-style-type: none"> ■ The programme will allocate approximately £204m a year to agricultural businesses ■ Approximately £260m of direct payments were issued annually under the previous round (2007-2013)
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Approximately 30% of payments are tied to 'greening' of agricultural land; including crop diversification, retention of permanent grassland, and allocation of 7% of land to Ecological Focus Areas ■ Membership of an RDP funded agri-environmental scheme (such as Glastir) is also recognised as equivalent to greening ■ EFAs may benefit surrounding wildlife and biodiversity and contribute to habitat connectivity
Limitations & constraints	<ul style="list-style-type: none"> ■ Requirements under the greening criteria are unlikely to make a substantial addition to management needs ■ Some risk of 'double funding' Glastir and greening measures to private landowners ■ Lack of capacity amongst landowners to implement greening
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Promotion of Glastir over greening as 'superior' option with regard to environment and income diversification. ■ Skills and capacity-building programmes are needed to promote wider uptake of greening measures

European Maritime and Fisheries Fund

Objectives	<p>The EMFF contributes to five Union Priorities (UPs), set out in Article 5 of the Regulation:</p> <ul style="list-style-type: none"> ■ Promoting sustainable and resource-efficient fisheries and aquaculture including related processing ■ Fostering innovative, competitive and knowledge-based fisheries and aquaculture including related processing; ■ Fostering the implementation of the Common Fisheries Policy (this relates to the fulfilment of enforcement and data collection obligations); ■ Increasing employment and territorial cohesion in fisheries areas; and ■ Fostering the implementation of the Integrated Maritime Policy <p>The UK EMFF strategic priorities for 2014-2020, which overlap the Union Priorities, are:</p> <ul style="list-style-type: none"> ■ Adapting the fisheries sector to the requirements of the reformed CFP ■ Fostering growth potential in key areas across fisheries, aquaculture and processing

	<ul style="list-style-type: none"> ■ Supporting the increased economic, environmental and social sustainability of the sector ■ Fulfilling the UK's enforcement and data collection obligations <p>The fund will aim to help fishermen in the transition to sustainable fishing; support coastal communities in diversifying their economies; finance projects that create new jobs and improve quality of life along European coasts. The fund will support fisheries and aquaculture businesses to increase the sector's sustainability and guarantee its financial future.</p>
Current use	<p>The EMFF funding period is for 2014-2020 however the Operational Programme has not yet been finalised. Its predecessor (for 2007-2013) was the European Fisheries Fund (EFF). The EFF was focussed on supporting the fisheries sector with limited reference to biodiversity and Natura 2000. The EFF is not thought to have been widely applied to Natura 2000 during the 2007-2013 funding period.</p>
Funding available	<p>For 2014-2020, Wales has been allocated 8.4% of the total UK allocation of EMFF funds, an increase on previous funding rounds, equating to approximately €20.4million.</p> <p>Funding will go to projects that can deliver on the aims and objectives detailed above. The EMFF primarily provides grant funding and is used to co-finance projects. It therefore also requires match-funding from public and private sources. The fund is expected to be open for applications from 2015.</p>
Opportunities for Natura 2000	<p>The EMFF is implemented through a UK EMFF Operational Programme (OP). The UK OP is due to be finalised by Spring 2015. The OP sets out the 'measures' (i.e. type of activities) that the fund will target, grouped under the five UPs. Proponents apply for funds under each of the UPs.</p> <p>Article 18 of the Regulation stipulates that where appropriate the specific needs of Natura 2000 areas should be integrated into the EMFF OPs. The 'measures' (or 'articles') put forward in the UK OP for 2014-20 (see Annex 6 for full list & detail) include 'direct' opportunities – those measures which explicitly mention Natura 2000 and/or conservation, and more 'indirect' opportunities.</p> <p>There are a number of direct links between the EMFF measures and relevant management actions for marine Natura 2000 sites, for example:</p> <ul style="list-style-type: none"> ■ Article 35 could play a valuable role in strengthening the evidence base for Natura 2000 management, through collaborative investigations into species and habitat features. In line with other marine protected areas, this could also yield benefits for local fisheries. ■ Article 40(1) relates to 'fishing for litter' projects. <p>The analysis is based on the measures as put forward in the EMFF Public Consultation document. It is anticipated that there will be some changes between this and the final set of measures put forward in Spring 2015.</p>
Limitations & constraints	<ul style="list-style-type: none"> ■ Limited budget (£20 million over 7 years for whole of Wales EMFF) and competing priorities for this. ■ While opportunities to fund Natura 2000 actions are available in theory, there are competing priorities and it is unclear whether these opportunities will be taken up in practice, particularly if there is little or no direct relevance to the long term sustainability of the fisheries sector. ■ Difficulties in attaining match funding. ■ Time/cost of developing proposals are often disproportionate to the amount being sought ■ The Welsh Government (responsible for commercial fisheries) is not a Relevant Authority and therefore fisheries may not have a place in European Marine Site management groups (which are typically made up of the Relevant Authorities with

	<p>statutory duties associated with the site). This may limit the group's focus on fisheries-related issues and hence ability to access the EMFF.</p> <ul style="list-style-type: none"> ■ Many fisheries-related conservation issues are not site-specific, but relevant across wider areas (possibly national), which can limit the impetus for pursuing related actions (and hence EMFF money) at site-level.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Strategic engagement between Welsh Government fisheries unit and EMS Relevant Authority groups could identify opportunities for development of funding programmes aligned with the needs of Natura 2000 sites and the fisheries sector. ■ Engagement with universities and research institutions could help develop evidence and monitoring programmes that could be supported under the EMFF. ■ Centralised co-ordination of related management and funding needs could overcome limitations regarding (1) the mismatch in spatial scale of EMSs and fisheries issues; and (2) efficiencies in the bidding process, drawing on centralised expertise and/or through amalgamation of similar project ideas/funding bids into single items. ■ Publicising the specific opportunities that can be identified in the EMFF OP when it is published in order to overcome pre-conceived ideas about its relevance that were formed based on the EFF. ■ Demonstrating the potential benefits of Natura 2000 management actions for fisheries and other social and economic objectives (e.g. through ecosystem service benefits) will improve competitive position of funding applications.
Useful references & links	<p>Defra (2014). EMFF Public Consultation. https://consult.defra.gov.uk/fisheries/european-maritime-and-fisheries-fund-in-the-uk/supporting_documents/Consultation%20document%20%20European%20Maritime%20and%20Fisheries%20Fund.pdf</p>

European Regional Development Fund

Objectives	<p>The ERDF is one of the key EU Structural Funds financing economic development in Wales, and focuses on the following areas:</p> <ul style="list-style-type: none"> ■ SME competitiveness ■ Research and development and innovation ■ Renewable energy ■ Digital connectivity <p>These link to cross-cutting Structural Fund themes, including Sustainable Development</p> <p>ERDF resources allocated to these priorities depend on the category of the region:</p> <ul style="list-style-type: none"> ■ In more developed regions, at least 80% of funds must focus on at least two of the priorities. In Wales, this includes the 7 councils in the East Wales region. ■ In less developed regions, the figure is 50%. In Wales, this includes the 15 councils in the West Wales and the Valleys region.
Funding available	<p>Total ERDF funds for 2014-2020 are expected to amount to €1.13bn:</p> <ul style="list-style-type: none"> ■ £962m to West Wales ■ £162m to East Wales ■ Relevant areas for funding in Wales include £310m for research and innovation and £198m to strengthen SME competitiveness
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ In the context of Natura 2000, such a large allocation for research and innovation could be valuable for the network although there are likely to be many competing needs, eg. industrial and commercial research and development, etc..

	<ul style="list-style-type: none"> ■ The ERDF could be used develop innovative financing mechanisms, particularly those around tourism and recreation (which may also fall under the ‘SME competitiveness’ category) ■ There are strong synergies between these funding priorities and the focus of other relevant funds, such as the EMFF
Limitations & constraints	<ul style="list-style-type: none"> ■ Technical capacities and resource commitments to develop bids represent major barriers to uptake ■ Match-funding is also a major barrier ■ While the overall scale of ERDF funding is large, there are many competing priorities for economic development funding and business support ■ Funding for Natura 2000 depends on an ability to demonstrate economic development benefits; natural capital investments are often perceived as a lower priority than business support and infrastructure investments ■ Focus on capital projects, rather than ongoing revenue funding, places some limits on relevance for Natura 2000, for which ongoing management and monitoring account for a large proportion of identified funding needs
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Expansion and wider use of the WEFO Targeted Match Funding Facility ■ Identification of good project proposals with demonstrable economic benefits ■ Wider engagement with universities and SMEs around Natura 2000, perhaps with expansion of the SCORE Cymru research support fund to include consortia partners - since this can be instrumental in the development of partnerships ■ Establishing a pool of experts in proposal writing and evaluation ■ Use of the NRW Partnership Working Fund to engage organisations such as SMEs, universities and Local Action Groups/Fisheries Local Action Groups ■ Further development of innovative and long-term financing models as well as business engagement. Specialist funds such as the Nature Fund or Natural Capital Financing Facility could support the development of these models.
Useful references & links	<p>Welsh Government: Summary of Structural Funds in 2014-2020 http://wales.gov.uk/docs/wefo/publications/141215summaryerdfesfen.pdf</p>

ERDF: Ireland-Wales Territorial Cooperation Programme

Objectives	<p>European Territorial Co-operation (ETC) programmes (under ITERREG V) address issues which cut across national borders and provide the opportunity for regions across the EU to work together, share best practice and knowledge transfer and co-ordinate actions to provide solutions to common challenges.</p> <p>Wales will benefit from the Ireland-Wales Territorial Cooperation Fund, worth €100 million for the 2014-2020 period, which will focus on counties in West Wales and Southern/Eastern Ireland.</p> <p>The programme will have a strong focus on the Irish Sea and will be structured around three Priority Axes:</p> <ul style="list-style-type: none"> ■ R&D and Innovation ■ Climate Change Adaptation ■ Utilisation of Cultural and Natural Resources and Heritage ■ Inclusive Growth will be included as a horizontal theme which will be threaded through all the Priority Axes <ul style="list-style-type: none"> ■ Activity is likely to include sustainable enhancement of natural marine resources, development of innovation clusters and collaboration between research institutions and SMEs

	<ul style="list-style-type: none"> All operations (projects) must involve partner organisations from both sides of the Irish Sea, with one organisation taking on the role of the lead contracting partner
Funding available	<ul style="list-style-type: none"> Total funds are expected to amount to €100 million, of which the ERDF contribution is expected to increase to €79 million. This is a significant increase in the 2007-2013 ETC programme value of €70 million 40% of funds are expected to be allocated to the Priority 2 (Irish Sea and Coastal Communities)
Opportunities for Natura 2000	<p>The upcoming programme is expected to have a stronger strategic focus on sustainable jobs and growth, in line with the Europe 2020 strategy. Nonetheless, the draft cooperation programme document makes explicit reference to Natura 2000 as an area of shared opportunity within the Irish Sea. Additionally, a number of the major funding priorities under the ETC have a strong link to coastal and marine environmental management:</p> <ul style="list-style-type: none"> Key ETC Priorities with a relevance to Natura 2000 include Priority 2 (adaption of Irish Sea and Coastal Communities to climate change) and Priority 3 (Conservation of Coastal Heritage) The ETC programme is intended to be complementary to Horizon 2020 – in this regard, relevant links with ETC Axes lies in the ‘Societal Challenges’ pillar of H2020 (including: sustainable agriculture and forestry, marine and maritime and inland water research, and the Bioeconomy, Climate action, environment, resource efficiency) – there are a number of key opportunities for Natura 2000 in these areas, that could be maximised through collaboration with research partners In light of the lack of underlying evidence for many marine sites, ETC funds could be directed towards large-scale research programmes and monitoring programmes focusing on conservation areas in the Irish Sea Two ongoing research programmes funded under the previous ETC – Smart Coasts (£3.5m, Aberystwyth University) Integrated Management of Forest Pests (Swansea University) and EcoJel (£0.9m, Swansea University) point to the type of collaborative research programmes that could be initiated under the fund A joint programme to promote collaborative research, management planning and conservation action for marine Natura 2000 sites in West Wales and Ireland could offer opportunities, provided benefits for jobs and growth are identified
Limitations & constraints	<ul style="list-style-type: none"> A major constraint is that projects need to be aligned with the priorities of both Irish and Welsh stakeholders- in the context of Natura 2000, different policy drivers and regulatory frameworks in each country can create different funding priorities. Difficulties in attaining match funding are often reported Time/cost of developing proposals are often disproportionate to the amount being sought Funds directed towards skills and growth themes under the previous ETC were generally less successful than funding of environment and research-orientated programmes, according to the Welsh Government’s evaluation of the programme
Increasing uptake & integration	<ul style="list-style-type: none"> Strategic engagement between NRW and the larger, research-intensive academic institutions (eg. Bangor University, Aberystwyth University, as well as Irish authorities, conservation organisations and universities.) could identify shared interests in areas such as marine investigation and monitoring Engagement with Local Fisheries Action Groups could highlight links between coastal community/heritage needs and Natura 2000- as well as links to SMEs The Welsh Government could play a more strategic role in aligning programme axes to wider strategic priorities in the Irish Sea, including the 4 larger ETC programmes addressing the Northwest/Atlantic region

Useful references & links	Welsh Government ETC Consultation Document http://wales.gov.uk/docs/wefo/consultation/140605iwconsultationdocumenten.pdf
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European Social Fund

Objectives	<p>The ESF is one of the main Structural Funds in Wales, and focuses on the following areas:</p> <ul style="list-style-type: none"> ■ Youth employment and attainment ■ Tackling poverty through sustainable growth ■ Skills for growth ■ These link to cross-cutting Structural Fund themes, including Sustainable Development <p>ESF resources allocated to these priorities depend on the category of the region:</p> <ul style="list-style-type: none"> ■ In more developed regions, at least 80% of funds must focus on at least two of the priorities. This includes the seven councils in the East Wales region ■ This is 50% in less developed regions, which includes the 15 councils of West Wales and the Valleys
Funding available	<p>Total ESF funds for 2014-2020 are expected to amount to €804m:</p> <ul style="list-style-type: none"> ■ £641m to West Wales and the Valleys ■ £162m to East Wales
Opportunities for Natura 2000	<p>In the context of Natura 2000 the ESF offers potential opportunities to address emerging skills and employment needs relating to ecological monitoring and restoration</p> <ul style="list-style-type: none"> ■ Consultation with stakeholders has highlighted the emergence of skills gaps in ecological monitoring, surveying and management as key issues for the Natura 2000 network ■ Engaging conservation organisations and other NGOs in the development of tailored training programmes (similar to the River Restoration NVQ developed between NRW and the River Trusts) ■ Engagement with Further/Higher Education institutions could highlight further opportunities to link skills and training courses to specialist needs in the green economy
Limitations & constraints	<ul style="list-style-type: none"> ■ Competition for funding skills and training in more established sectors ■ Major role of voluntary organisations in conservation management may be at odds with certain aspects of the funding criteria ■ Access to funding requires considerable administrative efforts and resources, and, while it could address identified longer term priorities (e.g in relation to skills development), it does not necessarily contribute to short term management priorities
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Maximising the use of Priority 3 (Youth Employment Attainment) towards the development of relevant skills (eg. horticulture, landscape architecture, restoration ecology) through the development of FE and HE training (in line with labour market intelligence). ■ Maximising the use of the Skills for Growth Theme 'Low Carbon, Energy and Environment' towards ecological management and surveying through joint qualifications developed through business collaboration ■ Linking ESF funds to existing charitable funds for green skills may represent a key opportunity (e.g., the Big Lottery Fund, Heritage Lottery Fund Skills for the Future, Prince's Countryside Fund or local funds.)

Useful references & links	Welsh Government: Summary of Structural Funds in 2014-2020 http://wales.gov.uk/docs/wefo/publications/141215summaryerdfesfen.pdf
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Horizon 2020

Objectives	<ul style="list-style-type: none"> ■ Horizon 2020 is the EU's Research and Innovation funding programme, and combines all research and innovation funding previously provided through the Framework Programmes for Research and Technical Development, the innovation related activities of the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT) H2020 has three core pillars: <ul style="list-style-type: none"> ■ To support basic research in science [Pillar 1 Excellent Science Base]; ■ To support collaborative research and innovation in industry [Pillar 2 Industrial Leadership and Competitive Frameworks]; ■ To tackle the big societal challenges including health, ageing, energy, and climate change [Pillar 3 Tackling Societal Challenges]. ■ H2020 funding is open to businesses, universities and research institutes involved in research and innovation. Under the programme, the EU will contribute to direct costs at 70% for closer to market innovation actions (but 100% if non-profit), and 100% for research actions, with a new single flat rate of 25% for overheads.
Funding available	<ul style="list-style-type: none"> ■ Total H2020 competitive funds will amount to €79bn for 2014-2020 across the EU. The EU co-financing rate for Horizon 2020 is 70% for "Innovation actions", except where the beneficiary is an NGO, in which case the rate can be 100%. For "Research and Innovation actions" the co-financing rate is also 100%.. ■ Calls often indicate a min-max budget. Smaller projects may be €2-3M, medium-size projects look for funding in the region of €3-5M with large projects €6-8M
Opportunities for Natura 2000	<p>In the context of Natura 2000 a number of H2020 funding articles/themes have relevance to Horizon 2020:</p> <ul style="list-style-type: none"> ■ Article 5.2/Theme 5 funds actions relating to climate action, resource efficiency and raw materials ■ Article 5.2/Theme 2 funds actions relating to food security, sustainable agriculture, maritime research and bioeconomy <p>Each of these societal challenges have some relevance to funding Natura 2000 management actions, and Themes 2&5 have strong links to existing management needs identified by the PAF. Research support for sustainable agriculture, food and fisheries in particular could support diversification and experimentation with new management practices.</p> <p>In addition, relevant research could potentially be funded under other areas of the programme, such as Pillar 1 – Excellent Science – which provides cross-cutting finance for scientists and research infrastructures.</p>
Limitations & constraints	<ul style="list-style-type: none"> ■ Unsuitable for small scale funding i.e. less than €1million ■ Funding is limited to research and innovation actions ■ Evidence needs of Natura 2000 in Wales may not correspond to needs identified in H2020 work programmes ■ Universities have limited experience of engaging with Natura 2000 management in Wales ■ Applying for EU research funding requires substantial administrative efforts and resources

	<ul style="list-style-type: none"> For most of the relevant instruments under Horizon 2020, with the notable exception of the SME Instrument, applicants are required to set up consortia involving a minimum of three legal entities from three Member States.
Increasing uptake & integration	<ul style="list-style-type: none"> Engaging 'near market' initiatives, such as those already receiving funding under the Nature Fund and Ecosystem Resilience Fund Engaging universities at an early stage of large-scale monitoring and evidence programmes (including partnerships in the marine and coastal environment)

LIFE

Objectives	<ul style="list-style-type: none"> LIFE is the EU's financial instrument for the environment and climate action Sub-programme for Environment (75% of funds) Thematic Priorities include: nature and biodiversity, water (including the marine environment), waste, resource efficiency (including soil & forests, and the green circular economy – which relates to resource efficiency and recycling), environment and health (including chemicals and noise), air quality and emissions (including the urban environment) and information and governance. Sub programme for Climate Action (25% of funds) Priority areas include: adaptation, mitigation and governance& information
Funding available	<ul style="list-style-type: none"> Total annual funds for 2014-2020 are expected to amount to €404.6m for the EU as a whole, a 43% increase on 2007-2013 allocations <p>At least 81% of the budget for the Programme will go on the following projects:</p> <ul style="list-style-type: none"> Traditional projects: best practice, innovation and demonstration projects, as well as dissemination/information projects and governance projects (similar to LIFE+, the 2007-2013 LIFE programme) Integrated projects: projects aiming at the implementation on a large territorial scale of plans and strategies required by EU legislation in the areas of nature, water, waste, air. Integrated projects include a specific element to implement the PAFs. Preparatory projects : projects identified by the Commission to support specific needs for the implementation and development of EU environmental or climate policy and legislation Capacity building projects: financial support to the activities required to build the capacity of Member States with a view to enabling their more effective participation in LIFE
Opportunities for Natura 2000	<p>Significant funding is available for individual projects – typically between EUR 0.5m and 5m. The EU co-financing rate for "traditional" LIFE projects is 60% of the total eligible project costs. However a co-financing rate of up to 75% of the total eligible costs may be granted to <i>LIFE Nature and Biodiversity</i> proposals that focus on concrete conservation actions for priority species or habitat types of the Birds and Habitats Directives, when actions in the project are necessary to achieve the conservation objective.</p> <p>Funding under the previous LIFE+ budget was allocated to a range of projects in Wales, for example:</p> <ul style="list-style-type: none"> The Anglesey Fens LIFE project, which has been widely regarded as a highly successful recipient of LIFE funds. Key factors appear to have been the allocation of funds to a dedicated project officer, early engagement of a university partner in project monitoring and evaluation, and active input from a range of local and Wales-wide environmental NGOs throughout the lifecycle of the project <p>According to the Welsh Government, a number of applications are under development for the 2014-2020 funding cycle. There are emerging opportunities to link 'integrated</p>

	<p>projects' (which focus on programme or thematic-level measures) to traditional projects (for example, focusing on restoration of a specific habitat such as peatland). This can maximize the exchange of knowledge and best practice and conservation impact.</p>
Limitations & constraints	<ul style="list-style-type: none"> ■ Smaller-scale projects are unlikely to be relevant. Typical LIFE projects are for between two and five years and projects seeking less than €0.5m are rarely successful due to their perceived limited outputs. ■ A major limitation is the technical capacity necessary to produce a successful LIFE funding application. Stakeholders indicate that this typically requires 6-12 months of full-time input, which is a major commitment for larger organisations and largely unfeasible for smaller organisations. ■ Difficulties in attaining match funding are often reported. Sometimes a piecemeal approach to match financing is taken, blending a range of short-term and long-term funds, which can be problematic for programme delivery. ■ Difficulties in meeting the ongoing reporting and financial management and auditing during the lifetime of the projects. Many project participants are inexperienced in this area and underestimate the scale of the work and expertise required.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Promoting leadership from conservation NGOs and other major funders (eg. encouraging NGOs to develop co-funded projects with the Heritage Lottery Fund, with whom many Welsh NGOs have strong relationships) could help strengthen the scope and sustainability of LIFE funding in Wales – one ongoing bid is being led by the Wildlife Trusts, for example. ■ Integrating several Traditional LIFE projects under a specific theme (eg. Peatland) is an efficient way to pool best practice, resources and knowledge. ■ Ensuring that funding proposals include an allocation for dedicated project officers- this reduces requirements on other funds and can contribute to more effective project management - examples such as the Environment Wales Fund underline the success of this approach. ■ Similarly, having a dedicated community/stakeholder liaison officer can strengthen the effectiveness of overall programme management through local engagement and support. ■ Wider dissemination of the BetaEurope support service to prospective applicants, and ensuring the service is useful and effective. ■ Wider dissemination of financial management and reporting advice and best practice. - ■ Better use of the LIFE programme toolkit, and development of UK/Wales-specific examples. Dissemination of best practice.
Useful references & links	<p>EU LIFE Programme toolkit http://ec.europa.eu/environment/life/toolkit/pmtools/index.htm</p>

Annex 3 Review of other sector plans, strategies and public funds

River Basin Management

Background & relevance	Wales has 3 River Basin Districts (RBDs) under the Water Framework Directive. Each RBD is required to submit a River Basin Management Plan for the 2015-2021 period, outlining measures for meeting 'good chemical and ecological status' in water bodies by this date. The Welsh Government has a legal requirement to meet these objectives, and water companies have a statutory requirement under the pricing review structure. The RBMP process identifies measure to protect and restore the water environment. It includes actions to achieve objectives for Natura 2000 sites
Funding available	Regulatory drivers under the WFD have led to a range of funds: <ul style="list-style-type: none"> ■ Dwr Cymru operates an annual £550,000 funding scheme ■ NRW also operates an annual £550,000 WFD funding scheme ■ Most of the projects funded address a specific management issue (eg. phosphorus loading, acidification, barriers to fish migration and diffuse pollution) but many also have a focus on community engagement and education through conservation work. Additional funds also include: A Dwr Cymru specialist fund to tackle invasive species on its land areas (£50,000 total) ■ Glastir Efficiency (capital) Grants for Priority Water Catchments ■ Catchment Sensitive Farming – providing up to £10,000 for capital works to tackle diffuse pollution ■ Various small funds administered by the Rivers Trusts
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ WFD objectives can be a major catalyst for investment in ecological restoration in terrestrial, freshwater and wetland habitats ■ Funding sources are relatively large in scale and lifespan ■ Investments usually bring co-benefits for environmental education and community engagement
Limitations & constraints	<ul style="list-style-type: none"> ■ NRW/Habitats Directive management cycles and the price review cycle are not aligned to maximise investment from water companies. ■ Investment in terrestrial conservation in relation to the WFD is poorly defined under Welsh legislation so regulatory drivers are weak. ■ Investment in natural solutions to River Basin Management is underdeveloped in Wales in comparison to elsewhere in the UK.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Continue to strengthen links between Natura 2000 management actions and River Basin Management Plan measures in the NRW Actions Database. ■ Wider use of match funding against other large funds (e.g. the RDP, WREN). ■ Development of a discretionary 'funding pot' for WFD investments.

Flood and Coastal Erosion Risk Management (FCERM)

Background & relevance	A growing range of funds are available to support investment in coastal restoration and managed realignment projects as part of coastal defence investments- in many cases, these investments may overlap with coastal and wetland Natura 2000 sites. Flood defence measures (which are mostly funded through £700m of annual UK Government investments) are increasingly recognising the effectiveness of ecosystem restoration and 'working with natural processes' as an alternative to

	<p>engineered solutions. NRW owns and maintains over 504km of river and coastal flood defence.</p> <p>The plan and policy framework includes:</p> <p>The National Strategy for FCERM provides a national framework. The Welsh Government has stated that the National Strategy represents a change in the way in which FCERM is dealt with in Wales, moving from dealing with defence and drainage alone, to dealing with sustainable and innovative approaches and working with natural processes rather than against them.</p> <p>Shoreline Management Plans (SMPs) are large-scale assessments of the risks associated with coastal processes and aim to reduce these risks to people and the developed, historic and natural environments – they are high level planning documents that provide a ‘route map’ for managing coastal flooding and erosion risks. There are four SMPs in Wales. An SMP policy describes how a stretch of shoreline is most likely to be managed to address flood and/or erosion over the long term (100 years). The SMP Action Plan is the key SMP implementation document. These plans should identify all actions required to deliver the policy options set out in the SMP. SMPs were developed by Coastal Groups (including as a minimum Local Authorities and NRW).</p> <p>Catchment Flood Management Plans (CFMPs) consider all types of inland flooding, from rivers, groundwater, surface water and tidal flooding. They consider the scale and extent of flooding now and in the future, and set policies for managing flood risk within the catchments. In this sense they operate at a similar strategic level to SMPs. CFMPs are about to be superseded by Flood Risk Management Plans (FRMPs), which stem from the European Flood Directive and will be statutory plans (and so carry more weight than CFMPs which are non-statutory). They will largely draw on the existing information already set out in the CFMPs. The Wales FRMPs are currently out for consultation and will be revised and finalised by December 2015. They will be formally reviewed every six years.</p> <p>SMPs and CFMPs/FRMPs provide the drive for local level strategies, or more commonly local level schemes. The development of options will identify the preferred approach to coastal risk management proposing the best type of engineering scheme, taking account of economic and environmental issues, and any compensatory habitat requirements.</p>
<p>Funding available</p>	<p>Between 2011 and 2014, £165m was invested by the Welsh Government in 340 flood and coastal defence schemes. This includes:</p> <ul style="list-style-type: none"> ■ £39m allocated through Local Authorities in the form of capital grant aid ■ Match funding against NRW investment and ERDF Funds- such as Lower Swansea Vale realignment project <p>Additional examples of funding for flood risk management include:</p> <ul style="list-style-type: none"> ■ Dŵr Cymru is investing £40m in Sustainable Urban Drainage Systems as part of its RainScape Programme, including wetland restoration/creation works ■ Internal Drainage Boards allocate funds from drainage rates on agricultural land and buildings, special levies on local authorities and NRW funding <p>NRW’s capital programme is typically around £20million/year. Projects may range from small studies for up to £10k to major capital works of £2m to £6m. Funding decisions are principally made on the viability of the benefit-cost ratio (BCR). Another important determinant is the NRW Communities at Risk Register which NRW uses to prioritise its investment programme at an all-Wales level so as to target investment in the most at risk communities.</p>
<p>Opportunities for Natura 2000</p>	<p>Incorporating Natura 2000 needs into scheme design and implementation: There is a statutory obligation, through the Habitats Regulation, to avoid negative</p>

impacts to Natura 2000 sites and also a policy desire to seek environmental benefit. In general the economic benefits of FCERM schemes significantly exceed the additional costs of environmental risk avoidance, or environmental enhancement. There is therefore significant opportunity for building in such elements to FCERM schemes without affecting the financial viability of the scheme – although it should be noted that this will be context- and scheme-specific. Environmental enhancement can improve the BCR through inclusion of the value of ecosystem service benefits delivered (FCERM appraisal guidance enables this).

FCERM schemes are perceived the most obvious route for integrating Natura 2000 management needs. However the more significant opportunity may be at a more strategic level. Notably where there are big strategic planning opportunities e.g. areas identified for managed realignment, there is likely to be benefit in all relevant parties seeking to establish a common vision and spending time trying to identify win-win opportunities. A key opportunity in this regard is the National Habitat Creation Programme.

National Habitat Creation Programme (NHCP): the NHCP is in place to provide compensation for Natura 2000 habitat that is expected to be lost via FCERM future schemes, most notably via coastal squeeze, as identified in the SMPs. It is in essence an offsetting scheme to ensure the ecological coherence of the Natura 2000 network in the face of unavoidable residual impacts of FCERM. The Programme is being delivered by NRW. Funding the delivery of each habitat creation scheme is achieved on a case-by-case basis. The funding sources have not yet been fully explored and/or finalised, but may include:

- Core FCERM funding;
- Welsh Government central funding (although a proper mechanism has not yet been established);
- Partnership funding (seeking contributions from partners causing/benefiting from coastal squeeze issue)
- Alternative funding sources e.g. EU funds, accessed by partnering with third sector organisations who may help to design the habitat creation scheme.

Habitat creation offers an opportunity to design new habitat so as to maximise its ecological value. More importantly, as much habitat creation will be at a large scale, there is an opportunity to take a more strategic approach and seek to integrate a broader set of issues into the scheme design. For example, this may seek to address pressures that are present on adjoining habitats as a package (e.g. controlling grazing); and by seeking to replace minor habitats that have been lost via coastal squeeze and hydro morphological pressures (notably transitional and micro habitats). In order to deliver such opportunities there is a need for detailed site knowledge and strategic level engagement between relevant parties.

Working with Natural Processes: A key priority for NRW is the use of natural processes for FCERM, linked in part to the anticipated lower ongoing maintenance costs associated with such schemes, particularly in the face of sea level rise. Such solutions often require the use of larger areas covering more habitat types so potentially offer more opportunities for environmental enhancement actions and taking a broader, strategic view (as alluded to above). NRW has a working group building an understanding of working with natural processes as such ideas are not the norm. Linked to this is the consideration of remote FCERM actions which seek to tackle flood risk at source. For example, peatland wetting in upland bogs can slow water flows, which can complement other downstream flood defence measures. Understanding the role of Natura 2000 sites within the flood dynamics of an area in relation to communities at risk from flooding is an avenue (being considered by NRW) to identify such opportunities.

	<p>FCERM BAP Habitat Targets Fund. NRW spends around £100k/year on biodiversity projects that link to its FCERM BAP habitat creation target (which is around 30ha/year). These are typically partnership projects with NGOs</p>
<p>Limitations & constraints</p>	<p>The principal limitation is that a proposed FCERM scheme must make sense on FCERM grounds. That is it must provide a suitable cost-benefit ratio based on FCERM benefits. There is clearly therefore a limit to how much additional cost can be imposed on a FCERM project to provide environmental co-benefits.</p> <p>For the NHCP, standard limitations for offsetting will apply e.g. getting agreement from land owners.</p> <p>FCERM actions are often infrastructure-based. Whilst they will include consideration of ongoing maintenance costs for the FCERM infrastructure, they are less likely to be appropriate for ongoing Natura 2000 habitat management, unless this in itself is providing FCERM benefit – this may be the case where the FCERM approach is one of ‘working with natural processes’.</p> <p>Will only be relevant for Natura 2000 sites where there are FCERM issues that need addressing.</p>
<p>Increasing uptake & integration</p>	<p>The NRW Environmental Assessment Unit looks at every strategy and scheme from the identification of options stage to identify opportunities for both risk avoidance and environmental enhancement. A similar process occurs using in-house staff for LA strategies and schemes. Consultation with other parties occurs on strategies and schemes at the identification of options stage. Typically consultation responses focus on the negative impacts of the strategy or scheme (i.e. environmental risk avoidance), with a generally more limited response with regard to positive opportunities for environmental enhancement. Improving the flow of positive ideas is an opportunity for increasing the integration of Natura 2000 management needs into FCERM strategies and schemes. This is of particular relevance for the concept of ‘working with natural processes’.</p> <p>Strategic level engagement at a landscape level to integrate FCERM activities with neighbouring areas is particularly relevant for the NHCP, but also for large and small individual FCERM schemes.</p>

Marine planning and fisheries

<p>Background & relevance</p>	<p>Marine Spatial Plans (MSPs) are a key element of the Marine Strategy Framework Directive, and require competing socio-ecological and economic needs from seas to be balanced within a coherent planning framework. The Marine and Coastal Access Act (2009) set a new framework for planning the management of marine and coastal waters on such a spatial basis - Welsh ministers are responsible for developing marine plans, which have recently been adopted and extend to 2030. However, in recognition that fisheries are key stakeholders with regard to ongoing management of Marine Protected Areas, many of the opportunities for Natura 2000 pertain to sustainable management and diversification of fisheries.</p>
<p>Funding available</p>	<ul style="list-style-type: none"> ■ The Welsh National Marine Plan is being developed by the Welsh Government. There is limited funding that can be accessed in relation to marine planning. . A number of schemes exist which focus on sustainable fisheries management, which is an important element of marine planning and Natura 2000 European Marine Site management: ■ The European Maritime and Fisheries Fund (EMFF) provides funding to support the diversification of fisheries livelihoods towards more sustainable practices. Funds are allocated to Fisheries Local Action Groups

	<ul style="list-style-type: none"> ■ The £100m Ireland-Wales Cooperation Programme includes support to marine conservation and evidence programmes ■ The Sustainable Fisheries Fund promotes the certification of fisheries against the Marine Stewardship Standard (MSC) ecolabel and has recently provided £200,000 of support to 12 fisheries wishing to pursue certification ■ The Sea Change Investment Fund grant scheme provides support to companies to increase the amount of sustainable seafood in the marketplace
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Significant effort is being put into developing improved data and evidence across the marine environment across the UK as part of marine planning. Integrating the data needs of Natura 2000 into these programmes may provide cost-saving opportunities. ■ Grant schemes can support much needed evidence and monitoring programmes in the marine environment, and applied ecosystem-service based research, which can then inform management plans and actions. ■ Labelling and certification schemes e.g. Marine Stewardship, can provide additional incentives for sympathetic management whilst raising awareness of marine conservation issues. ■ Full engagement in the marine planning process to ensure that Natura 2000 objectives and needs are well represented in the marine plan evidence base and policies, particularly any locally-specific policies and spatial policies.
Limitations & constraints	<ul style="list-style-type: none"> ■ Marine plans are not expected to deliver any direct action e.g. projects or schemes that may provide an opportunity for delivering Natura 2000 management actions. ■ Private sector funds are relatively scarce and small-scale and are generally not focussed on providing for ongoing management needs. ■ Evidence gaps are substantial for many areas. ■ Complexity of grant funding applications acts as a deterrent to wider uptake of measures ■ Sources identified do not necessarily correspond to core management needs for marine Natura 2000 sites
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Deeper engagement between site officers, NRW, marine planners, FLAGs and research institutions could support development of the evidence base and management plans. ■ Endorsement of certification schemes could provide additional incentives for appropriate management of marine sites.

Woodland management

Background & relevance	<p>Welsh Government's Woodlands for Wales strategy operates across global and European contexts. The goal of increasing woodland is compromised by woodland loss due to land use change and objections to planting trees on agricultural land.</p> <p>Support for woodlands and forestry management is growing, on the basis of the range of commercial, social and environmental benefits derived from investment in appropriate woodland creation and management. This includes benefits for important ecosystems and biodiversity, and many sites managed by the Woodland Trust Wales benefit from funding to address management of local SACs.</p> <p>Whilst incentives for woodland creation appear to be strong, the effectiveness of existing incentives for ongoing management is less apparent in the context of Natura 2000 management needs. Nonetheless, better targeting of forest-environment agreements, as well as general management agreements, has the potential to strengthen the effectiveness of existing funding options.</p>

Funding available	<ul style="list-style-type: none"> ■ The Woodlands element of Glastir, divided into the Woodland Creation Grant Scheme and the Woodland Management Grant Scheme operated until 2015. A second round of funding is expected to commence in 2016 under the new RDP. It is anticipated that funding allocation for woodland grants will increase significantly. ■ Other support is frequently provided in the form of NRW Section 15 Agreements to landowners. ■ The previously completed Objective 1 funded Cyd Coed programme has provided substantial funding to community groups for woodland enhancement.
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Grant schemes can support biodiversity and commercial production goals, such as promoting felling and pest management where appropriate ■ Organisations such as the Woodland Trust and NRW often hold detailed datasets on ecological trends which can inform management planning ■ Grants can help strengthen public engagement and understanding of woodlands and associated benefits
Limitations & constraints	<ul style="list-style-type: none"> ■ Woodland Creation Grants are informed by complex targeting criteria and reliance on GIS maps rather than site-based assessments of funding needs ■ The complexity of Woodland Management Grants is off-putting for many potential applicants and it is felt to provide insufficient incentives for more complex management actions ■ The short-term nature of management agreements is typically incompatible with long-term woodland management cycles.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Management agreements could give permission for additional actions to be undertaken on site – so organisations such as the Woodland Trust are not restricted from undertaking additional conservation works ■ Promotion of an ecosystem services approach to management agreements ■ Deepening collaboration with water companies given the important role of woodlands in flood control, water quality and other water resource management issues.

Research grants

Background & relevance	<p>Research grants (typically held and administered by universities and other research institutions) represent a large-scale source of funding for investigation, evidence-gathering and data analysis related to the Natura 2000 network. Although NRW collaborates with a range of academic partners, small shifts in the nature of this collaboration could open up substantial opportunities.</p>
Funding available	<p>The Natural Environment Research Council (NERC) has recently allocated £60m for 5 year research actions aligned with its science themes. Those relevant to Natura 2000 include:</p> <ul style="list-style-type: none"> ■ Earth systems (£3m) greenhouse gas emissions (£8.1m) Resource recovery from waste (£6m) Sea shelf biogeochemistry (£9.6m) flooding (£5.2m) droughts (£6.5m) ■ The Valuing Nature Network provides grants to projects with a focus on valuation of biodiversity, ecosystem services and natural resource use <p>Addition funds include:</p> <ul style="list-style-type: none"> ■ The Freshwater Biological Association provides small research grants (£4,000) ■ The British Ecological Society provides research/project grants (£5,000-£20,000)

Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Research grants can support small-scale, specialist research needs relating to the network (typically one-off) ■ Grants can support larger, landscape scale monitoring programmes (for example, the Anglesey Fens LIFE project, which Bangor University continues to monitor) ■ Major research programmes can support development of evidence/data for ecosystems for which little evidence is currently available (e.g. marine sites) and thus inform management planning
Limitations & constraints	<ul style="list-style-type: none"> ■ Application processes are often time and resource-consuming ■ Collaboration often occurs relatively late in the project lifecycle, which may be of less interest to universities ■ NRW's 1-year funding cycles are poorly aligned with the 3-5 year life of many research programmes. Most partners need a commitment of funding for the entire project lifecycle
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Wider use of small grants to support site-level monitoring and investigation ■ Development of a discretionary fund to link NRW funding to research funding on a rolling basis ■ Review of investigation needs against research grant programme themes to identify potential opportunities, including where there is scope to upscale individual investigations into broader research projects applicable to multiple Natura 2000 sites ■ Earlier engagement with research community in project lifecycle ■ Development of European match-funding for evidence programmes

Annex 4 Review of Private, Lottery and Voluntary Sector Funds

Private, Lottery and Voluntary funds: conservation and landscape

Background & relevance	Wales has a diverse and buoyant conservation sector, with specialist skills in areas relating to conservation management. Many of these organisations administer trust funds and/or have particular expertise and resources in the development of funding applications or consortia. These groups are thus natural partners for both fundraising and delivery of Natura 2000 management.
Funding available	<p>There are a number of different sources:</p> <ul style="list-style-type: none"> ■ PONT (Pori Natur a Threftadaeth) specialises in developing grazing schemes and associated funding applications and provided £169,987 of support to conservation activities in 2010/11. ■ RSPB Cymru has an extensive reserve network and provides direct funding for its own sites, some of which are part of Natura 2000. The RSPB invested £85.8m on (UK-wide) conservation in 2013. ■ The Esmée Fairbairn Foundation allocated £4.4m of grants to UK environmental projects in 2013 - grants were typically match funded and large-scale (with awards typically in the region of £500,000, £800,000 per project). ■ The Wildlife Trusts Wales collectively invested £873,347 in conservation work in 2013/14. ■ The Heritage Lottery Fund provides support through its Landscape Partnerships (£100,000-£3m awards) as well as smaller Heritage Grants (over £3000). HLF recently allocated £3.6m to the Wetlands for Wales project in partnership with RSPB Cymru and NRW. ■ The Environment Wales Fund provides a range of smaller grants (£600-£12,000) support project development and ongoing management.
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Groups with a conservation focus often bring specialist expertise that can benefit ongoing project management. ■ Third sector organisations typically have particular expertise and resources for developing funding applications and EU grant applications. ■ Many of these funds have maintained funding levels despite the economic downturn.
Limitations & constraints	<ul style="list-style-type: none"> ■ There is often a mismatch between timeframes for NRW funded projects and timeframes for other funding applications- although the Partnership Working Fund is intended to partly address this issue. ■ Competition for funds has often increased substantially in recent years.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Further development of landscape-level partnership projects (eg. Anglesey Grazing Partnership). ■ Better alignment of NRW resource planning with the charitable funding cycle (eg. discretionary fund for match-funding). ■ Earlier collaboration in the design and delivery of agri-environmental measures. ■ Exploring match funding between major charitable funds (eg. HLF) and EU funds (eg. LIFE).

Private, Lottery and Voluntary funds: skills, education and community

Background & relevance	In addition to benefits to biodiversity, the Natura 2000 network also provides a range of wider benefits to society as an educational and recreational resource. As such, there is substantial opportunity to tap into a wider range of funding sources with a focus on these activities (and often a secondary focus on conservation work). In addition, the network can also provide a focus for development of specialist skills relating to the green economy
Funding available	<p>A range of funding sources are available to develop educational and training opportunities from the network. These include:</p> <ul style="list-style-type: none"> ■ The Prince's Countryside Fund provides grants of up to £50,000 with a focus on skills and training and environmental education ■ The Welsh Council for Voluntary Action provides a range of funds linked to rural training, environment and youth employment ■ The Fund for Wales provides small grants of £500 to £1000 ■ The Big Lottery Fund provides grants of £300-£500,000 to a range of charities with a focus on areas relevant to Natura 2000, such as community engagement, physical activity and youth skills. A major (£30m) current programme with the Royal Society of Wildlife Trusts will support young people to improve the natural environment (Our Environment, Our Future) ■ The Leverhulme Trust provides research project grants up to £500,000 for 5 years, including salary costs for research staff ■ NRW has recently invested in the development of specialist training schemes together with the Wildlife Trusts and River Trusts
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Insufficient monitoring is linked to a lack of personnel resources as well as specialist ecological skills - development of training schemes offers the opportunity to address rural employment needs whilst addressing this specific need for the network ■ Development of recreational and tourist schemes through the use of grants offers opportunities for the development of small business
Limitations & constraints	<ul style="list-style-type: none"> ■ Grant requirements may be weakly linked to conservation needs. ■ Grants may not provide necessary long-term support for employment or engagement of volunteers. ■ May offer greater scope to contribute to longer term capacity and skills than shorter term management needs.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Deeper engagement with conservation sector in the development of programmes ■ Promotion of an ecosystem services approach. ■ Linking skills and employment opportunities to actions under Operational Programmes may highlight opportunities for match funding

Landfill Communities Fund

Background & relevance	<p>The Landfill Communities Fund (LCF) is a tax credit scheme enabling operators of landfill sites to contribute money to projects that comply with the Landfill Tax Regulations, which require provision of environmental benefits, jobs and measures which strengthen communities living near landfill sites.</p> <p>The fund is regulated by ENTRUST and funds are distributed by Environmental Bodies (EBs). EBs are not-for-profit organisations (and can include government</p>

	<p>bodies). There are nearly 200 EBs registered in Wales (for a search facility of EBs see http://www.entrust.org.uk/environmental-bodies/eb-search/).</p>
Funding available	<p>Since 1996, £1.3bn has been spent by Environmental Bodies in the UK, of which 0.08bn (6%) has been on the biodiversity conservation objectives through 1,999 projects (average of £40,000 per project). Statistics for Wales are not available, although the annual LCF levy was £28k in 2010/11 and £19k 2013/14 (representing less than 2% of the total annual levy) indicating that available funding for projects in Wales may be small.</p> <p>Examples of funds administered by EBs include:</p> <ul style="list-style-type: none"> ■ The WREN Biodiversity Action Fund provides £10m of funding for grants of £75,000-£250,000 per project, or £15,000-£75,000 for small projects ■ The Biffa Award provides main grants (£10,000-£50,000) and small grants (£250-10,000) under its Rebuilding Biodiversity theme ■ CWM Community and Environmental Fund provides grants of £5000-£50,000 ■ Veolia Environmental Trust provides bespoke awards to funding proposals fitting the themes of community and biodiversity
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ The LCF has six main areas of work (termed 'Objects'), one of which is 'Object DA: The conservation of a specific species or a specific habitat where it naturally occurs'. ■ There may be scope to access funds through other Objects relating to pollution prevention/remediation and improvement of public parks/public amenity. ■ Landfill funds represent an important form of support for specialist management actions on sites ■ The scale of funding available also allows match funding against other sources
Limitations & constraints	<ul style="list-style-type: none"> ■ Sites need to be within a given radius of a landfill site (a major restriction in many rural settings) ■ Funds usually provide support to direct management activities only, and not associated expenditures ■ Landfill taxes ultimately represent a declining resource in the long term ■ The total fund available in Wales is relatively small ■ In some instances a Contributing Third Party (CTP) is required to cover the 10% of a project cost that a Landfill Operator cannot claim tax relief on
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Wider use of LCF funds in match funding applications for EU funds ■ Linking LCF funds to management agreements (such as Section 15) for more discrete management needs

Annex 5 Review of alternative funding sources

This annex includes a review of the potential alternative funding approaches which may be utilised for meeting Natura 2000 funding needs. The annex covers the following:

- Ecological compensation;
- Environmental bonds;
- Loan finance;
- Marketed products;
- Nutrient offsetting;
- Payments for Ecosystem Services (PES); and
- Visitor payback schemes.

Ecological compensation

Background & relevance	Economic development is a key priority for all levels of government in Wales, putting pressure on biodiversity at a general level. Since resilience of Natura 2000 sites is linked to general conditions for biodiversity at the landscape scale, mitigating or compensating for the impacts can bring substantial benefits to the network as a whole. The Habitats Directive seeks to avoid and minimise impacts on Natura 2000 sites and requires compensation for unavoidable impacts, which should only occur in rare circumstances. However, wider use of biodiversity offsets could offer potential to provide resources for restoration of Natura 2000 sites in compensation for impacts outside the network, and/or to enhance the network by delivering conservation benefits in adjacent areas, strengthening ecological networks and delivering landscape scale conservation projects.
Funding available	Ecological compensation can take a range of forms, but tends to provide large funds for conservation management: <ul style="list-style-type: none"> ■ Carmarthenshire Local Development Plan (CLDP) applies a levy of £1043 for every domestic dwelling (calculated on a ‘per roof’ basis), and £31,290 for every non-domestic dwelling within a radius of 5-8 miles of the local SAC marshland-this has raised over £1m to date for conservation management and is expected to raise £2.2-£2.4m overall ■ Biodiversity offsetting relates specifically to biodiversity loss as a whole, and ideally requires ‘like-for-like’ compensation. Under this approach, developers are responsible for the long-term viability of the offset (including management) ■ Section 106 agreements are the main existing planning mechanism financing compensation to biodiversity loss. These are typically administered as financial compensation for environmental losses, but many local authorities lack the relevant expertise to reallocate these funds to appropriate conservation works.
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Large-scale private sector investment in conservation management at landscape scale ■ Allows funds to be targeted towards ecological networks, enhancing the resilience of Natura 2000 sites to wider pressures ■ Offer potential “win-win” from a societal and developer’s perspective, as this allows development to proceed more swiftly ■ Offsets should be provided in perpetuity and backed by long term management plans, monitoring and finance

Limitations & constraints	<ul style="list-style-type: none"> ■ Levies may not provide sufficient funds for ongoing management and monitoring ■ Compensation in many cases may be weakly linked to original biodiversity loss ■ Access to suitable land for compensation may be a limitation ■ Some conservationists oppose offsets on the grounds that they could weaken protection of existing sites ■ Care is needed to ensure offsets deliver additional conservation gains if they are to contribute to no net loss of biodiversity; it could be argued that management of Natura 2000 is an existing commitment and should be financed through other means
Integration	<ul style="list-style-type: none"> ■ Deeper engagement between NRW and Local Authorities for landscape level measures ■ Development of 'land banks' for compensation with conservation NGOs ■ Provision of upfront capital through specialist facilities such as the Natural Capital Finance Facility ■ Engagement with specialist providers such as the Environment Bank Ltd

Environmental bonds

Background & relevance	<p>Environmental bonds can be used to fund protection and improvement of the natural environment e.g. woodland creation, wetland restoration and the creation of green space in urban areas. Environmental bonds include a pledge by their issuer that capital raised will be used to fund projects with a beneficial environmental and social impact. This assurance, rather than the type of issuer or financial structure, is the defining characteristic for an environmental bond. A variety of environmental bonds have been proposed and issued, most notably green infrastructure bonds relating to low-carbon developments.</p>
Funding available	<ul style="list-style-type: none"> ■ An environmental biodiversity-related bond market does not currently exist in Wales
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Bonds could potentially fund a range of habitat restoration and management activities, and associated investments, which have the potential to generate financial returns ■ They enable the sharing of financial risks with business or financial institutions investing in activities that are related to sustainable use of biodiversity. ■ Key areas relate to forestry, agriculture, tourism and green infrastructure.
Limitations & constraints	<ul style="list-style-type: none"> ■ Bonds are most suited to financing investments that generate a financial return for the investor, and may have limited application to Natura 2000 sites. There may be some opportunities to fund investments that generate a return from ecosystem services (e.g. supply of timber, carbon offsetting) ■ Future environmental bond issues need to fulfil certain key conditions, which may be difficult: i.e. generate adequate financial, environmental and social returns in absolute terms; generate returns that are commensurate with the level of risk involved; demonstrate environmental and social impact in a clear and transparent fashion.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Further work needs to be done to understand how and whether environmental bonds might work in practice.

Loan finance

Background & relevance	Loan finance is provided on commercial terms, often through dedicated funds which offer loans at preferential rates for particular activities.
Funding available	<ul style="list-style-type: none"> ■ Funding available is dependent on the loan facility.
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Loan schemes can support existing grant systems. Doing so may save resources whilst encouraging innovation and enterprise. ■ An EAFRD flexible asset investment scheme (to provide grants, loans and other innovative financial instruments) required for agriculture/food/forestry purposes, including investments in processing/marketing and/or development of agricultural products, has been proposed in the Wales RDP. ■ The European Investment Bank's Natural Capital Financing Facility (NCFF) is currently being developed and will provide loans at preferential rates. It will provide finance to support revenue generating / cost-saving projects promoting the conservation, restoration, management and enhancement of natural capital for biodiversity and ecosystem services and climate adaptation benefits, including ecosystem-based solutions to challenges related to land, soil, forestry, agriculture, water and waste. The NCFF will start with a pilot phase of 3 to 4 years (2014-2017) with a total amount of €100m for the financing of 9 to 12 operations across the EU, with an additional facility of EUR 10m for technical assistance. For this phase, target operations will typically have a size of €5-15m.
Limitations & constraints	<ul style="list-style-type: none"> ■ Loan finance is only appropriate for funding actions which can generate returns or cost savings and hence be able to cover repayments. ■ The two public loan facilities identified above are not yet operational. ■ NCFF is targeting large-scale projects (upwards of €5m funding), which may be inappropriate for many Natura 2000 needs.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Technical support for business development planning. Such support is typically offered in association with public loan schemes.

Marketed products

Background & relevance	<p>Goods and services certified as having minimal or positive impacts on biodiversity may command premium prices and present a range of growth opportunities. Biodiversity is being increasingly incorporated within standards and certification systems for a range of sectors, particularly sustainable agricultural, food and timber products and tourism e.g. LEAF, Marine Stewardship, FSC.</p> <p>OECD has defined environmental labelling as the: "<i>voluntary granting of labels by a private or public body in order to inform consumers and thereby promote consumer products which are determined to be environmentally more friendly than other functionally and competitively similar products</i>". International Standards Organisation identifies types:</p> <ul style="list-style-type: none"> ■ Voluntary, multiple criteria, third party programs that award a licence indicating overall environmental superiority. ■ Self-declared environmental claims, made without independent third party certification.

	<ul style="list-style-type: none"> ■ Quantified information about products based on life cycle impacts (ISO 14040) or Environmental Product Declarations (EPDs). <p>There are a number of examples of marketed product approaches in Wales:</p> <ul style="list-style-type: none"> ■ An isolation berth at Holyhead Marina where boats hulls are cleaned without taking them out of the water to remove the invasive sponge. ■ Salt marsh lamb, which enables appropriate grazing regimes on saltmarshes and produces a premium lamb product. ■ Cambrian Mountains co-operative which produces premium product lamb that is Freedom Food-accredited. ■ Dyfi Biosphere, which uses the Biosphere ‘brand’ to promote the quality of local agricultural & other products and tourism.
Funding available	Marketed products can be used as a generator of finance to be spent on management actions and as a mechanism for directly implementing conservation management actions through the production process.
Opportunities for Natura 2000	<p>Marketed products can be utilised to:</p> <ul style="list-style-type: none"> ■ Enable implementation of required management. For example, abandonment of grazing, under and inappropriate grazing is an identified issue for Natura 2000 sites. Marketed products that generate a premium can be used to offset the additional cost of changes in grazing regimes. ■ Produce funds for conservation actions. For example, many Natura 2000 sites have excess biomass in form of scrub, insufficiently grazed vegetation, cut reed, (inactive) invasive species. Markets could be identified or created for these by-products e.g. animal bedding, biocarbon, power generation. <p>Labelling and certification associated with marketed products can:</p> <ul style="list-style-type: none"> ■ Raise awareness of the brand as a premium product. ■ Certification can ensure standards are met i.e. that the produce genuinely supports conservation. ■ Be location-based and/or production process-based ■ Be implemented from location to national scale. <p>Where market products support increased revenues or new market opportunities, they will support local employment and rural economies.</p>
Limitations constraints &	<p>Demand side:</p> <ul style="list-style-type: none"> ■ Premiums may be too high for consumers ■ There may be a lack of trust regarding the validity of the label and claims made. ■ There may be a lack of knowledge and understanding of the merit of environmental claims ■ Marketing of visitor locations may increase visitor numbers with negative environmental consequences. <p>Supply side:</p> <ul style="list-style-type: none"> ■ Business is constrained by what is profitable and there may not be alignment with what is profitable and what is required for Natura 2000 management ■ Transaction costs for small schemes may be prohibitive. This may be an issue where Natura 2000 sites are small. However co-ordinating larger schemes across multiple sites or with multiple producers may be problematic. ■ Constrained to sites with the appropriate characteristics for marketed product development. ■ Marketing skills are required to develop and promote brands.
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Technical assistance may be offered to support business in identifying opportunities and proof of concept, advising on appropriate production processes and marketing.

	<ul style="list-style-type: none"> ■ Targeting marketed product development in clusters in order to reduce transactions costs, increase environmental effectiveness across neighbouring business, and allow product labelling to align green procurement measures between large corporations and SMEs. ■ Assistance in accessing finance through combinations of funding from different policies and their instruments and use of blended financial packages (involving both providing grants and loans). For example, a number of potential opportunities occur in the EAFRD Rural Development Plan: <ul style="list-style-type: none"> – Support for businesses to encourage assurance / accreditation standards – Support for the establishment of Producer Groups – Support for Quality Schemes – A flexible asset investment scheme (to provide grants, loans and other innovative financial instruments) required for agriculture/food/forestry purposes, including investments in processing/marketing and/or development of agricultural products – Organic farming conversion and maintenance scheme
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Nutrient offsetting

Background & relevance	Nutrient management (particularly diffuse pollution) is one of the key cross-cutting issues influencing terrestrial, marine and freshwater Natura 2000 sites, and changing patterns of upland agriculture are placing increasing pressure on freshwater bodies. Offsetting approaches offer the potential to catalyse investment in terrestrial ecological restoration whilst protecting the aquatic environment
Funding available	<p>Nutrient offsetting schemes are still in their infancy, but different funding models are emerging:</p> <ul style="list-style-type: none"> ■ The Nature Fund funded the development of an ‘Ecobank’ linked to the Pembrokeshire Marine SAC. The project will incentivise habitat creation by farmers and substantial additional investment in monitoring and evidence ■ First Milk has recently partnered with NRW and Severn Trent Water to develop an offsetting programme for nutrients relating to a dairy site in Pembrokeshire ■ Benefits to the aquatic environment could point to eligibility for Water Framework Directive linked funds
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Offsetting can spur major investment in restoration capital works ■ In light of the sensitivity of many Natura 2000 features, offsetting offers a pragmatic means for achieving targeted reductions of nutrient loading into these priority habitats, compensated for by increased nutrient loads elsewhere ■ This represents a cost-effective solution to water quality management ■ Most approaches strengthen engagement with agricultural stakeholders ■ Offsetting can also strengthen the evidence base for marine SACs
Limitations & constraints	<ul style="list-style-type: none"> ■ Offsetting depends on active cooperation from local farmers ■ Most schemes require up-front capital to develop offset pools
Increasing uptake & integration	<ul style="list-style-type: none"> ■ Capital investment in ecobanks and other offset pools ■ Engagement with major effluent producers (eg. poultry sector) ■ Closer engagement with water companies and WFD funds

Payments for Ecosystem Services (PES)

<p>Background & relevance</p>	<p>A PES scheme can be used to encourage the protection and enhancement of ecosystem services through a voluntary transaction between the provider of the service and a beneficiary. Service providers are typically land-owners and managers. Beneficiaries may be specific e.g. a water company, or general e.g. society. The ecosystem protection/enhancement is secured by paying the providers for the ecosystems service, for which they would otherwise receive no payment. This encourages positive management that benefits ecosystems, and discourages activities with negative impacts (e.g. maintain a forest for its watershed management services rather than fell its trees for timber). Schemes can be split into public payment schemes to encourage provision of ecosystem services and privately-organised deals in which individual beneficiaries of ecosystem services contract directly with landowners.</p> <p>There are a limited number of examples of PES schemes in Wales (excluding Glastir agri-environment scheme, which can be classified as a form of PES). One example is the Pumlumon Project in the Cambrian mountains led by the Montgomeryshire Wildlife Trust</p>
<p>Funding available</p>	<ul style="list-style-type: none"> ■ A PES scheme is both a source of funding and a management mechanism. As a generator of funding, the scale available will be commensurate to the benefits delivered and/or the finance required to secure the protection/enhancement of the ecosystem for the service of relevance. The overall funds generated will depend on the number and scale of agreements established. There are no known meaningful privately-organised biodiversity-PES schemes currently operational in Wales⁴. ■ Private PES schemes are not widely established in the UK, and setting up a scheme can require significant upfront costs, to develop the concept, compile the necessary evidence, match buyers and sellers, and establish a basis for transactions. PES therefore tend to have significant initial funding needs. Funding sources could potentially include: public sector (e.g. NRW), NGOs (e.g. RSPB) and corporate sponsorship (e.g. water companies).
<p>Opportunities for Natura 2000</p>	<ul style="list-style-type: none"> ■ Natura 2000 sites deliver significant ecosystem services, and have the potential to raise additional payments from beneficiaries such as water companies and carbon markets. This could help to finance habitat restoration and management in particular. ■ PES is appropriate for providing for ongoing management actions. However this will be subject to the specifics of individual PES contracts - contractual arrangements need to reflect the long time frames required, property rights and inherent environmental complexities and uncertainty. ■ Of three areas identified by Cascade (2014) as being most appropriate for PES, two are relevant for Natura 2000 sites and issues and risks that they face: <ul style="list-style-type: none"> - water management in terms of flood risk management and water quality/quantity improvements - land management to improve wild species diversity, fisheries and pollination ■ PES schemes are well suited to working at a landscape and catchment level. ■ For water quality and biodiversity, appropriate interventions will depend on the location and aims of the scheme and could include upland peatland management, changing agricultural practices and habitat restoration. A PES

⁴ With the exception of visitor payback schemes and agri-environment agreements, which are themselves both forms of PES but are discussed elsewhere in this report.

	<p>scheme should bring additional benefits to those already delivered through established schemes such as Glastir.</p> <ul style="list-style-type: none"> ■ With regard the ecosystem approach, there are three emerging NRW Natural Resource Management Trial Areas, and a further seven area based trials to be run by Welsh Government across specific Nature Action Zones. However, whilst their main purpose is to implement the ecosystem approach to environmental management, there is scope for development of pilot PES schemes as part of this. However, a simple mapping exercise (Cascade, 2014) found that there is very limited, and only peripheral overlap between these areas and Natura 2000 sites, which limits their direct relevance for Natura 2000.
<p>Limitations & constraints</p>	<p>There are a variety of potential limitations and constraints, the most significant and relevant regarding use for Natura 2000 are summarised below:</p> <ul style="list-style-type: none"> ■ Despite advances, private PES schemes are not yet an established approach in Wales with current activity focussed on developing national implementation strategies and frameworks and undertaking pilots. There are a number of issues that need to be addressed in order to enable broader implementation that government organisations need to address to prepare the ground for PES agreements and they are largely not currently in place in Wales (Cascade, 2014). In the short term PES is therefore unlikely to provide a significant opportunity for delivering Natura 2000 needs. ■ It can difficult to identify and quantify the services that are being provided – particularly in the marine environment. Establishing PES based on inputs rather than outputs can circumvent this, however this reduces certainty for the buyer and may thereby be insufficient. ■ Where services are not privately owned and are publically accessible, it may only be feasible to implement PES schemes using public sector buyers rather than private sector, due to the potential for ‘free-riding’, unless a combined agreement can be made with a group of beneficiaries. ■ The current standard for agreements with farmers is five years. Landowners tend to favour less risky, short-term agreements to provide ecosystem services, but investors and government need to ensure these benefits are secured for the long-term and not reversed. ■ In the short term opportunities are likely to focus at a simple level for a small number of individual ecosystem services, such as peatland carbon, woodland carbon and/or river water quality to establish momentum in the system prior to wider multi-beneficiary schemes incorporating the wider ecosystem benefits e.g. biodiversity. ■ There can be high start-up and transaction costs for PES schemes, particular as there is currently limited skills, experience and standardisation. Funding approaches, both in terms of short term “seed corn” to get schemes up and running and longer term Governmental support are therefore required.
<p>Increasing uptake & integration</p>	<ul style="list-style-type: none"> ■ NRW has indicated its preferred role regarding PES as a market participant (Cascade, 2014) – that is, as a seller (where NRW is a landowner e.g. its forestry landholding), and as a buyer (specifically in terms of flood risk management). ■ For the broader development of PES in Wales there is an emphasis on ‘learning by doing’ whilst national frameworks are developed. Exploration of potential pilots should be considered in the short term. ■ Additional funding streams which could be accessed include: (i) European funds, most notably the LIFE Programme; (ii) alignment of public and private funding routes. For example, SCaMP has combined budgets from United Utilities with agri-environment scheme funding in England; (iii) other relevant parties e.g. NGOs. ■ Implementation of ecosystems markets needs to be made in the context of existing initiatives such as Glastir, to ensure that the new approach is integrated

	and that perverse or confusing incentives are not created. Terminology should be chosen carefully to avoid confusion, particularly in light of recent changes to the Glastir scheme and the impending new RDP.
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Visitor payback schemes

Background & relevance	Visitor payback schemes (VPS) range from donations to cover general operations and maintenance of sites to those that seek to secure funding for more specialist management activities or in relation to particular services. Payback schemes are increasingly used to cover the costs of maintaining recreational and educational resources that visitors benefit from, and an ecosystem services approach appears to have some application.
Funding available	<ul style="list-style-type: none"> ■ It is difficult to estimate the overall volume of voluntary visitor payback schemes although Nurture Lakeland, a specialist consultancy engaged in the design of VPS, has raised around £1.7m across the UK over 10 years through visitor payback. ■ In Cumbria, the Tourism & Conservation Partnership has been administering a successful visitor payback scheme since 1993. It employs three full time staff members and over 250 businesses are involved with the scheme, fundraising for a wide variety of access, conservation and environmental education projects. The Partnership generates approximately £125,000 in visitor contributions each year
Opportunities for Natura 2000	<ul style="list-style-type: none"> ■ Payback schemes can use a variety of means to generate funds including: supplements, percentage from sale of product or service, collections, corporate sponsorship, participation charges, parking charges, membership, fundraising events ■ It has the potential to finance a wide range of relevant actions, including not only visitor facilities and infrastructure but also habitat management, restoration, monitoring and management planning. ■ Parking charges can generate significant sums, depending on scale and usage. ■ Donations are likely to be improved where a specific project or activity is being proposed for funding, rather than just general maintenance etc. ■ A tourism levy provides a comprehensive route for capturing an element of the cultural ecosystem services provided by Natura 2000 areas via tourism businesses. This can be set up as opt-in or opt-out levies
Limitations & constraints	<ul style="list-style-type: none"> ■ Some up-front investments are needed in design, marketing, collection or enforcement. These can be significant where buy-in by local businesses is required. ■ Since the network is predominantly funded by the public sector, many visitors may be resistant to the perception of being 'taxed twice'. Tourists and businesses are less likely to give donations/support for projects that they see as paying for a statutory role of the local authority. Similarly, visitors are likely to show resistance to having to pay for a facility which was previously free. ■ Tourism levies may require legislation. As has been seen with the Community Infrastructure Fund, they can prove unpopular with local businesses and residents. They are likely to be unsuitable for small sites and sites which are not a dominant visitor attraction at a local or sub-regional scale. ■ Collection boxes (for donations, car parks etc.) have a poor track record in generating meaningful sums.

Increasing uptake & integration

- An ecosystem services approach (drawing on existing evidence on ecosystem services relating to the Natura 2000 network) should be established as best practice and can help to identify potential beneficiaries to be targeted.
- Development of web application based payment can address many of the practical issues with setting up payment schemes
- Development through the National Parks could be prioritised- since they often have prior experience with visitor payback schemes.
- Ensuring simple administrative procedures to reduce ongoing overheads and ensure financial sustainability
- It can be easier to introduce payments schemes for specific attractions or in relation to significant upgrades or restoration which help to demonstrate additional visitor value compared to the situation prior to charges. This is particularly the case where the scheme is to be administered by a local authority or Statutory Body. Payback schemes may be most successful when resulting expenditure is on issues of most relevance to visitors. This may restrict the scope of application.
- Visitor payback schemes are most effective when they involve a co-ordinated effort between the tourist industry, the local community and the environmental sector.
- Image and brand is an important driver in gaining business interest to help administer visitor levies.
- Review feasibility of establishing payback mechanisms on a site-by-site basis or on a network basis.
- Source funding for feasibility studies and start-up costs. Potentially applicable funding sources include:
 - ERDF & EAFRD: accessed as part of SME innovation e.g. payback mechanisms and IT infrastructure; rural business diversification.
 - LIFE: access as part of broader applied research projects.
 - NRW: accessed where small scale funds are required for high level feasibility/scoping study for most promising locations.
 - Charitable/lottery grants: accessed via those interested in market mechanisms and conservation or directly via those with direct interest in a particular site.
 - Loan finance: requires robust business plan.

Annex 6 EU Funds - detailed analysis of relevance of articles in legal texts

This Annex provides a detailed reviews of the EU funds to identify elements which provide for funding of Natura 2000 management actions. It draws on the individual regulations, the EU Financing Handbook and available Wales fund programmes and consultation documents.

EMFF

Note: Articles most directly relevant for Natura 2000 actions are highlighted.

Table A6.1 Summary of Wales-relevant articles in the EMFF Operational Programme

Article Title	Article Detail
Article 27	Advisory services. (1)(b) Provisioning professional advice on environmental sustainability, with a focus on limiting and, where possible, eliminating the negative impact of fishing activities on marine, terrestrial and freshwater ecosystems
Article 28	Partnerships between scientists and fishermen, with a view to transfer knowledge: data collection and management activities, studies, pilot projects, dissemination of knowledge and research results, seminars and best practices (1)(a)(b) Creation of and activities carried out by a network composed by one or more independent scientific bodies and fishermen or one or more organisations of fishermen; (2) Activities may cover data collection and management activities, studies, pilot projects, dissemination of knowledge and research results, seminars and best practices
Article 29(1)(a)	Promotion of human capital, job creation and social dialogue. (1)(a) Professional training, lifelong learning, joint projects, the dissemination of knowledge of an economic, technical, regulatory or scientific nature and of innovative practices, and the acquisition of new professional skills, in particular linked to the sustainable management of marine ecosystems [...]
Article 30(1)	Diversification and new forms of income (1) Investments contributing to the diversification of the income of fishermen through the development of complementary activities, including investments on board, angling tourism, restaurants, environmental services related to fishing and educational activities concerning fishing
Article 37(1)(b)	Design and implementation of conservation measures and regional cooperation (1)(b) Stakeholder participation and cooperation between Member States in designing and implementing conservation measures and regionalisation
Article 38(1)(a–d)	Limitation of the impact of fishing on the marine environment and adaptation of fishing to the protection of species. (1)(a) Investment in equipment improving size selectivity or species selectivity of fishing gear (1)(b) Investment in on board or in equipment that eliminates discards by avoiding and reducing unwanted catches of commercial stocks, or that deals with unwanted catches (1)(c) Investment in equipment that limits and, where possible, eliminates the physical and biological impacts of fishing on ecosystem or sea bed (1)(d) Investment in equipment that protects gear and catches from mammals and birds protected by Habitats and Birds Directives, provided that it does not undermine the selectivity of the fishing gear and that all appropriate measures are introduced to avoid physical damage to the predators
Article 39	Innovation linked to the conservation of marine biological resources. Support to operations aimed at developing or introducing new technical or organisational knowledge that reduces the impact of fishing activities on the environment, including improved

	fishing techniques and gear selectivity, or aimed at achieving a more sustainable use of marine biological resources and coexistence with protected predators
Article 40(1)(a)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. 1)(a) Collection of waste by fishermen from the sea such as the removal of lost fishing gear and marine litter
Article 40(1)(b)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. (1)(b) Construction, installation or modernisation of static or movable facilities intended to protect and enhance marine fauna and flora, including their scientific preparation and evaluation
Article 40(1)(c)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. 1)(c) better management or conservation of marine biological resources
Article 40(1)(d)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. 1)(d) preparation, including studies, drawing-up, monitoring and updating of protection and management plans for fishery-related activities relating to Natura 2000 sites and spatial protected areas under MSFD and relating to other special habitats
Article 40(1)(e)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. (1)(e) Management, restoration and monitoring of Natura 2000 sites
Article 40(1)(f)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. (1)(f) Support for management, restoration and monitoring of MPAs in view of the implementation of the spatial protection measures referred to in the MSFD
Article 40(1)(g)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. (1)(g) increasing environmental awareness, involving fishermen, with regard to the protection and restoration of marine biodiversity
Article 40(1)(h)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. 1)(h) schemes for compensation for damage to catches caused by mammals and birds protected by the Habitats and Birds Directives
Article 40(1)(i)	Protection and restoration of marine biodiversity and ecosystems and compensation regimes. (1)(i) Participation in other actions aimed at maintaining and enhancing biodiversity and ecosystem services, such as the restoration of specific marine and coastal habitats in support of sustainable fish stocks, including their scientific preparation and evaluation
Art 44(3)	Inland fishing and inland aquatic fauna and flora. (3) Support for the development and facilitation [...] for the advisory services in accordance with Article 27 and for partnerships between scientists and fishermen in accordance with Article 28
Art 44(4)	Inland fishing and inland aquatic fauna and flora. (4) Diversification of inland fishing activities to complementary activities under the conditions laid down in Article 30
Art 44(6)(a)	Inland fishing and inland aquatic fauna and flora. (6)(a) Management, restoration and monitoring of Natura 2000 sites which are affected by fishing activities, and the rehabilitation of inland waters in accordance with the Water Framework Directive (e.g. spawning grounds and migration routes for migratory species), where relevant with the participation of inland fishermen
Art 44(6)(b)	Inland fishing and inland aquatic fauna and flora. (6)(b) Construction, modernisation or installation of static or movable facilities intended to protect and enhance aquatic fauna and flora, including their scientific preparation, monitoring and evaluation
Article 47(1)(a)	Innovation. (1)(a) Technical, scientific or organisational knowledge in aquaculture farms which reduces the impact on the environment [...] fosters a sustainable use of resources in aquaculture, improves animal welfare or facilitates new sustainable production methods
Article 48(1)(e)	Productive investments in aquaculture. (1)(e) Investments in reducing the negative impact or enhancing the positive effects on the environment and increasing resource efficiency

Article 48(1)(g)	Productive investments in aquaculture. (1)(g) Restoration of existing aquaculture ponds or lagoons through the removal of silt, or investments aimed at the prevention of silt deposits
Article 48.1(h)	Productive investments in aquaculture. (1)(h) Diversification of the income of aquaculture enterprises through the development of complementary activities outside aquaculture (i.e. aquaculture environmental services)
Article 48(1)(i-j)	Productive investments in aquaculture. (1)(i) Investments resulting in a substantial reduction in the impact of aquaculture enterprises on water usage and quality
Article 49(1)(b)	Management, relief and advisory services for aquaculture farms. (1)(b) Purchase of farm advisory services of a technical, scientific, legal, environmental or economic nature
Article 50(1)(a)	Promotion of human capital and networking. (1)(a) Professional training, lifelong learning, the dissemination of scientific and technical knowledge and innovative practices, the acquisition of new professional skills in aquaculture and with regard to the reduction of the environmental impact of aquaculture operations
Article 54(1)(a-b)	Aquaculture providing environmental services. (1)(a) Aquaculture methods compatible with specific environmental needs and subject to specific management requirements resulting from the designation of Natura 2000 areas
Article 54(1)(b)	Aquaculture providing environmental services. (1)(b) Participation in ex-situ conservation and reproduction of aquatic animals, within the framework of conservation and biodiversity restoration programmes
Article 63	Community-led local development strategies. Enhancing and capitalising on the environmental assets of the fisheries and aquaculture areas, including operations to mitigate climate change. Support for strengthening the role of fisheries communities in local development and the governance of local fisheries resources and maritime activities
Article 79	Integrated Maritime Policy. (1)(b) the promotion of the protection of the marine environment, in particular its biodiversity and MPA such as Natura 2000 sites, and the sustainable use of marine and coastal resources and the further definition of boundaries of the sustainability of human activities that have an impact on the marine environment

Table A6.2 Relevance of EMFF measures for Natura 2000 management actions

Article	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Art 27															x										
Art 28		x		x										x			x								
Art 29(1)(a)																					x				
Art 30(1)										x												x			
Art 37(1)(b)							x																		
Art 38(1)(a-d)												x	x		x										
Art 39												x	x		x										
Art 40(1)(a)												x	x												
Art 40(1)(b)												x	x	x											
Art 40(1)(c)								x				x	x	x					x						
Art 40(1)(d)		x		x	x			x											x						
Art 40(1)(e)								x				x	x	x	x			x	x	x					

Article 20 (1d)	Basic services and village renewal in rural areas: Investments for basic rural services and infrastructure
Article 20 (1e)	Basic services and village renewal in rural areas: Investments in recreational infrastructure, tourist information and sign-posting
Article 20 (1f)	Basic services and village renewal in rural areas: Support studies associated with the maintenance, restoration and upgrading of rural landscapes
Article 20 (1g)	Basic services and village renewal in rural areas: Investments targeting the relation of activities and conversion of building & facilities to improve quality of life or increase environmental performance of settlement.
Article 21 (1a)	Afforestation and creation of woodland
Article 21 (1b)	Establishment of agro-forestry systems
Article 21 (1c)	Prevention and restoration of damage to forests from fires and natural disasters
Article 21 (1d)	Investments improving the resilience and environmental value of forest ecosystems
Article 27	Setting up producer groups
Article 28	Agri-environment and climate measures
Article 29	Support for organic farming
Article 30	Natura 2000 and WFD payments
Article 31	Payments to areas facing natural constraints
Article 34	Forest-environment and climate services
Article 35	Cooperation, including EIP cooperation
Article 36	Risk management/insurance
Articles 42-45	LEADER

Table A6.4 Summary of Wales-relevant articles in the EAFRD

Article	Management action																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Article 14			x																x		x				
Article 15			x																		x				
Article 16				x								x	x												
Article 17				x					x		x	x	x		x	x						x		x	
Article 18 (1a)												x	x			x		x							
Article 19																									x

Art. 5.2 (c)	Strengthening information communications technology. Including applications for e-government, e-learning and e-inclusion
Art. 5.3 (a)	Promoting entrepreneurship. Facilitating economic exploitation of new ideas and fostering creation of new firms
Art. 5.4 (a)	Promoting production and distribution of renewable energy sources
Art. 5.4 (c)	Supporting energy efficiency and renewable energy in public infrastructure and housing
Art. 5.4 (e)	Promoting low-carbon strategies for urban areas
Art. 5.5 (a)	Supporting dedicated investment for adaptation to climate change
Art. 5.5 (b)	Promoting investment to address specific risks. Ensuring disaster resilience and developing disaster management systems
Art. 5.6 (a)	Waste sector investment. Addressing investment needs to meet environmental requirements
Art. 5.6 (c)	Protecting, promoting and developing cultural heritage
Art. 5.6 (d)	Protecting biodiversity and ecosystem services. Including Natura 2000 and green infrastructure
Art. 5.6 (e)	Action to improve the urban environment. Including regeneration of brownfield sites and reduction of air pollution
Art. 5.7 (c)	Developing environmentally-friendly and low carbon transport
Art. 5.8 (a)	Development of business incubators. Investment for support of self-employment and business creation
Art. 5.9 (a)	Investing in health and social infrastructure
Art. 5.9 (b)	Support for physical and economic regeneration of deprived urban and rural communities
Art. 5.9 (c)	Support to social enterprises
Art. 5.10	Investing in education, skills and lifelong learning
Art. 5.11	Enhancing institutional capacity and administrative efficiency. Support of actions on institutional capacity and efficiency of public administration supported by ESF
Art. 6 a	Sharing of HR, facilities and infrastructure under cross-border cooperation
Art. 6 b	Sharing of HR, facilities and infrastructure under cross-border cooperation
Art. 7, 8, 9	Support to sustainable urban development
Art. 10	Areas with natural or demographic handicaps

Table A6.5 Summary of Wales-relevant articles in the ERDF

Article	Management Action																									
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	
Art. 5.1 (a)		x		x							x											x				
Art. 5.1 (b)		x		x							x															
Art. 5.2 (c)																						x				
Art. 5.3 (a)				x					x		x											x				
Art. 5.4 (a)				x	x				x																	

Table A6.6 Summary of Wales-relevant articles in ESF

Article	Management Action																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Article 3.1a								X		X											X	X			
Article 3.1b								X		X											X	X			
Article 3.1c							X	X							X						X				
Article 3.1d							X	X													X				
Article 3.2a		X					X		X	X					X					X	X				
Article 3.2b																				X	X				
Article 3.2c		X		X	X			X			X						X	X		X	X				
Article 3.2d				X	X			X												X	X				
Overall		X		X	X		X	X	X	X	X				X		X	X		X	X	X			

LIFE

The LIFE programme is subdivided into two sub-programmes: environment and climate action. The former is of most relevance for Natura 2000. This is further divided into three priority areas: environment and resource efficiency, nature and biodiversity, environmental governance and information.

Article	Management Actions																								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Art. 18 & 22	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x

Horizon 2020

Note: Articles most directly relevant for Natura 2000 actions are highlighted.

Figure A6.3 Summary of Wales-relevant articles in Horizon 2020

Article Title	Article Detail
Article 5.2/Theme 5	Societal challenges: climate action, resource efficiency and raw materials. Fighting and adapting to climate change, sustainably managing natural resources and ecosystems, sustainable supply of non-energy resources, enabling the transition towards green economy through eco-innovation
Article 5.2/Theme 2	Food security, sustainable agriculture, marine and maritime research, bioeconomy
Article 5.2/Theme 4	Smart, green and integrated transport

Table A6.7 Summary of Wales-relevant articles in Horizon 2020

Article	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25
Theme 5		X		X			X	X				X	X	X	X		X	X		X	X				X
Theme 2		X		X			X	X				X	X	X	X		X	X		X	X				X
Theme 4		X		X			X	X				X	X	X	X		X	X		X	X				X

Annex 7 Project Research Consultees

The researchers would like to thank the following consultees for providing information and views to inform the analysis.

Name	Organisation	Name	Organisation
Simon Bilsborough	Welsh Government	Graham Cotterhill	North Wales Wildlife Trust
Colette Price	NRW	Steve Cook	NRW
Neil Smith	NRW	Louise Pennington	NRW
Rhian Thomas	NRW	Victoria Watson	NRW
Dusitaporn Thomas	Dwr Cymru	John Ratcliffe	NRW
Trevor Williams	NRW	Vicky Schlottmann	NRW
David Andrew	Dee Conservancy	Huw Williams	NRW
Peter Jones	NRW	Emr Williams	Pembrokeshire County Council
Emma Thomas	NRW	Nicola Rimmington	NRW
Eryl Roberts	Woodland Trust Wales	Richard Park	NRW
Nia Seaton	Welsh Assembly Research Service	Liz Howe	NRW
Jim O'Toole	Port of Mostyn	Russell De'ath	NRW
Patrick Lilly	WEFO	Mike McCabe	NRW
Olly Howells	Ministry of Defence	Julia Korn	NRW
Sue Burton	NRW	Clare Southard	NRW

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