

The proposed EU Nature Restoration Regulation: the path to nature's recovery

IEEP's first impressions of the Commission's proposal for an EU Regulation on Nature Restoration

This brief aims to give an overview of the proposed Nature Restoration Law and to highlight key requirements to ensure its ambitious targets are met.

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Author:

Giulia Costa Domingo, Evelyn Underwood, Gabrielle Aubert, Laura Baroni The proposed **<u>EU Nature Restoration Regulation (NRL)</u>** and the accompanying staff working document, published on the 22nd of June 2022, is an ambitious legislative framework to restore degraded ecosystems and reverse biodiversity loss in the EU.

This long-awaited proposal is one of the key measures announced under the EU Biodiversity Strategy to 2030¹, a core pillar of the European Green Deal. The proposed regulation is expected to play a decisive role in reaching the strategy's headline objective of **putting Europe's biodiversity on a path to recovery by 2030** and its targets to ensure there is no deterioration in the conservation trends and status of protected habitats and species, and that **at least 30% of habitats and species not currently in favourable status are in that category by 2030**.

Despite restoration being required under existing EU legislation and policy, **efforts to date have been insufficient to reverse biodiversity loss**. The EU failed to meet the voluntary target set under its previous Biodiversity Strategy to restore at least 15% of degraded ecosystems by 2020. The most recent assessment of the EU's natural environment revealed that only around 14% of the habitats of EU conservation concern are in good condition and EU biodiversity continues to decline at an alarming rate.

¹ COM/2011/244 final.

The European Commission, the European Parliament, and the Council² have all recognised the need for stepping up action on restoration to reverse these trends. In its June 2020 resolution, the Parliament welcomed the proposal of a restoration strategy which **moves away from voluntary commitments** towards setting legally binding restoration targets³. Scaling up restoration is also prominent on the international agenda with this decade to 2030 being proclaimed as the **UN Decade for ecosystem restoration**. One of the targets being considered under the Convention on Biological Diversity's ongoing preparation of the **post-2020 global biodiversity framework** is that at least 20% of degraded ecosystems are under restoration by 2030⁴. This would scale up global ambition on restoration from the missed Aichi target 15⁵ which aimed to restore 15% of degraded ecosystems by 2020.

The proposed regulation aims to contribute to the continuous, long-term, and sustained recovery of EU habitats and species across land and sea. To reach this overarching objective, the proposal outlines a set of **ecosystem-specific legally binding restoration targets which combined should drive restoration on at least 20% of the EU's territory by 2030.** The proposal calls for urgent and prioritised restoration of degraded habitats that will deliver **climate mitigation and climate adaptation – preventing and increasing resilience to droughts, floods, and other climate risks**.

The adoption of this proposal could be a watershed moment for biodiversity protection in the EU. The regulation would be the first new EU legislative instrument on nature preservation since the EU Habitats Directive came into force in 1992, and the first ever legal requirement for large-scale nature restoration. We must ensure this unique opportunity to strengthen the EU's legislative framework on nature restoration is effectively used to turn the tide on biodiversity loss. This will require:

- 1. Ambitious targets which strengthen and go beyond existing EU legislation
- 2. Strong communication and understanding of the huge environmental, societal and economic benefits which these restoration targets will deliver
- 3. A strong implementation framework through carefully designed National Restoration Plans
- 4. Effective monitoring and reporting

² https://www.consilium.europa.eu/en/press/press-releases/2019/12/19/biodiversity-council-adopts-conclusions/.

³ <u>https://www.europarl.europa.eu/doceo/document/TA-9-2021-0277_EN.pdf</u>

⁴ <u>https://www.cbd.int/article/draft-1-global-biodiversity-framework</u>

⁵ https://www.cbd.int/sp/targets/rationale/target-15/

1.Travelling in the right direction - Ambitious targets which strengthen and go beyond existing EU legislation

To achieve the EU objective of halting and reversing biodiversity loss by 2030, ambitious, specific, measurable, urgent, and time-bound targets are crucial.

The NRL proposal sets out (1) an overarching legally binding objective for ecosystem restoration and (2) ecosystem-specific targets and obligations which both strengthen and go beyond current EU nature restoration legislation. These targets are set for 2050 with binding milestones by 2030 and 2040.

The need to restore our nature has never been more urgent and turning the tide on biodiversity loss will require prompt and effective action. A key point is that **the proposed instrument is a regulation** so, unlike a directive, it will immediately enter into force at the Member State level once adopted at the EU level. This is very welcome as it will allow for action to meet its targets to start sooner, in line with the urgency of addressing biodiversity loss. Regulations have to be adopted into national legislation using the same wording and articles as the EU regulation, which ensures higher consistency across Member States. Furthermore, to reflect the need for quick action, restoration actions which are planned or implemented before the regulation comes into force should count towards its objectives, thereby incentivising Member States to start restoring without delay.

Our destination: An overarching restoration objective

Article 1 of the regulation sets the overarching objective for Member States to "put in place, without delay, effective and area-based **restoration measures which cover at least 20% of** *the EU's land and sea area by 2030*, and all ecosystems in need of restoration by 2050".

This overarching objective is in line with the EU Biodiversity Strategy to 2030 and the targets being negotiated under the CBD's post-2020 global biodiversity strategy.

First steps: Restoring habitats covered by the EU Habitats Directive and the habitats of species in the EU Nature Directives

The proposal presents a stepwise approach to meeting the headline objective. Step one, after the initial adoption of the regulation, sets specific targets for habitats for which data, baselines and monitoring methods are already available. This mostly includes the habitats listed in Annex I of the Habitats Directive, and the habitats of species listed under both the Habitats and the Birds Directives, collectively known as the Nature Directives ⁶.

Although the Nature Directives already set legal requirements for the restoration of habitats, they set no deadline, and the State of Nature report shows that actions are not sufficient to

⁶ DG Environment. 2017, "Reporting under Article 17 of the Habitats Directive: Explanatory notes and guidelines for the period 2013-2018" and DG Environment 2013, "Interpretation manual of European Union habitats Eur 28".

stop the decline or restore damage. The deterioration of habitats listed under Annex I of the Habitats Directive is still ongoing with 81% of assessments reported as having an unfavorable conservation status in 2018⁷. The regulation will strengthen implementation and enforcement by setting time-bound objectives for the restoration and re-establishment of habitats and will require Member States to clearly define favourable reference values for condition and area, and survey and map the current condition of their habitats and the habitats of protected species.

Article 4 of the proposal sets targets to restore and re-create habitats to ensure that:

- At least 90% of terrestrial, coastal and freshwater habitat types under Annex I of the Habitats Directive are in good condition and that they reach an area sufficient for their long-term viability.
- There is a continuous improvement of the quality and quantity of the habitat of species listed under the Nature Directives.

To achieve this, Member States have an obligation to:

- 1. Put in place restoration measures needed to improve the condition and connectivity of Annex I habitats on 30% of the area which is currently not in good condition by 2030, 60% by 2040 and at least 90% by 2050.
- 2. Put in place restoration measures necessary to re-establish Annex I habitats on 30% of the additional area needed to ensure their long-term viability by 2030, 60% by 2040 and at least 100% by 2050.
- 3. Put in place restoration measures to improve the quality and quantity of the habitats of species listed under the Nature Directives.

In addition, Member States should ensure that all restored ecosystems show a continuous improvement and that they do not deteriorate once good condition is reached.

Article 5 of the regulation sets the same targets for the marine habitat types that are listed in Annex II. The Annex I marine habitat types are defined quite broadly, so the proposal recommends that Member States break them down into the subtypes defined in the European nature information system (EUNIS) and determine their restoration potential separately.

Off the beaten track: Restoring beyond habitats under the EU Habitats Directives

Restoration of the habitats and species in the EU Nature Directives will not be sufficient to reverse biodiversity loss. A key innovation of the regulation is that it sets additional legally binding restoration targets for habitats and species beyond those covered by existing EU legislation. This will significantly strengthen EU nature law. These targets listed in Articles 6-

⁷ <u>https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2020:635:FIN</u>

10 cover urban ecosystems, rivers, agroecosystems, and forests that are not Annex I habitat types.

We lack robust data and monitoring systems on the condition of ecosystems beyond Annex I habitats. For these ecosystems, we need an EU-wide methodology to assess and monitor their condition and to set indicators, thresholds, and baselines for their restoration. The regulation sets specific targets for these ecosystems (similar to those for ecosystems under Annex I) using indicators that are already in use or being set up across the EU.

Articles 6-10 of the proposal sets the following key targets:

- Article 6 concerns the restoration of **urban ecosystems** which cover around 22% of the EU's area. It requires Member States to increase green space area by 3% by 2040 and by 5% by 2050 and to ensure a minimum tree cover in cities.
- Article 7 aims to restore **floodplains and increase the connectivity of rivers**. It requires Member States to inventory and remove river barriers to achieve the target of restoring at least 25 500 km of free-flowing rivers by 2030 set out in the EU Biodiversity Strategy.
- Article 8 sets a legal obligation for Member States to reverse the **decline of pollina-tors by 2030**. A monitoring scheme will be established through an implementing act.
- Article 9 and 10 set out targets to restore **agroecosystems and forests beyond Annex I habitats**. As these ecosystems do not have a common method to address their condition, the regulation uses existing indicators. For agroecosystems these include the grassland butterfly index, stock of organic carbon in cropland mineral soils, and share of agricultural land with high diversity landscape features. For forests these include the common forest bird index, stock of organic carbon, standing and lying deadwood, connectivity, and uneven-aged structure.
- Two key additional targets are proposed for agroecosystems: (1) requiring increases in the common farmland bird index after a year of entry into force of the regulation, and (2) putting in place restoration measures on peatland under agricultural use to reach 30% of the area by 2030 (with at least a quarter of that being rewetted), and 70% by 2050 (with at least a half rewetted). This is a particularly important target in terms of climate co-benefits considering that, while only occupying around 3% of EU agricultural area, peatlands under agriculture currently emit around 25% of total emissions from the agricultural sector.

The dedicated pollinator target is a welcome development. In recent years, the EU has significantly stepped up its efforts to address the decline of pollinators adopting its first dedicated strategy on pollinators in 2018. The progress report on the EU Pollinator Strategy showed that significant challenges remain, and that the framework must be strengthened. As highlighted in <u>IEEP and Safeguard's joint response on the revision of the strategy</u>, the regulation is a great opportunity to create a legal obligation to address the drivers of pollinator loss.

Course correction: possibilities for future amendments to the Regulation

Article 19 of the regulation allows for the Commission to amend the scope of the restoration targets using delegated acts. This will allow for the list of habitats, species, methodologies of indicators, and restoration measures to be updated with improved knowledge and restoration techniques. Furthermore, Article 22 creates a possibility of amending the regulation and establishing new targets where necessary and appropriate.

2. Focusing on the light at the end of the path -

The need to highlight the huge benefits of restoration

Highlighting the many benefits of nature restoration is key to ensuring the restoration targets are supported and embraced by all stakeholders and society at large.

Nature restoration is not only essential for biodiversity but is also vital to ensure a safe and sustainable future for people. Reversing the degradation of nature safeguards and enhances the vital natural resources and processes which underpin societal well-being and prosperity. Restoring nature is crucial to tackling many of the societal challenges we currently face from climate change to food security and the mental health crisis.

The regulation proposal has a welcome focus on the manifold benefits of nature restoration. The primary objective of the regulation is the long-term and sustained recovery of nature. Wherever possible, the regulation stresses the need **to maximise co-benefits with other objectives including climate change mitigation and adaptation and meeting international commitments**.

Despite challenges in quantifying the intrinsic and far-reaching benefits of nature restoration, many studies have shown that the benefits hugely outweigh costs. The <u>impact assessment</u> estimates that the total benefits of restoring peatlands, marshlands, forests, heathland and scrub, grasslands (including pollinators), rivers, lakes and alluvial habitats, and coastal wetlands is at least 12 times higher than the costs of implementing the targets.

Nature restoration can deliver the following key benefits:

• Climate change mitigation: Nature restoration can help enhance ecosystems' natural abilities to sequester and store carbon. Carbon-rich ecosystems, such as peatlands, are particularly relevant. Degraded peatlands are an important source of greenhouse gas emissions in the EU, currently emitting the equivalent of around 5% of total EU emissions. The implementation of the proposed regulation on restoring and rewetting peatland under agricultural use (Article 9) could achieve net greenhouse gas reductions ranging from 7-22 MtCO2eq per year to 2030 and from 26-62 MtCO2 eq per year to 2050 over the EU-27. Forest restoration, due to the large carbon sequestration potential of these habitats, and agroecosystem restoration, due to their large spatial extent, is also key to mitigation.

- **Climate change adaptation**: Healthy ecosystems and the services they deliver are key for our resilience and adaptability to the unavoidable impacts of climate change. Restoration can reduce key climate change risks including natural climate-related hazards (such as floods, droughts, and forest fires), heat waves, and sea level rise.
- **Safe and reliable water supply**: Restoration can enhance ecosystems' natural ability to store, regulate and clean water.
- **Food security**: Healthy and resilient ecosystems are needed to provide sustainable, nutritious, and affordable food in a changing climate. Nature restoration will safe-guard and enhance the ecosystem services which underpin food production including soil fertility, water regulation, pollination, and natural pest control.
- **Economic opportunities**: Over half of global GDP depends on nature and the ecosystem services it provides⁸. Restoration action is expected to create high-quality sustainable jobs and new business opportunities.
- **Health and social well-being**: Better quality and accessible nature and green spaces can promote healthy lifestyles and reduce key drivers of disease and mortality including air and water pollution, extreme heat, and stress. Nature improves mental health and increases social well-being by promoting community building and a sense of belonging.

Thanks to these broad benefits, the regulation will help Member States meet other existing and upcoming targets and obligations under the EU Green Deal. The regulation can thus create an exciting opportunity to enhance synergies between policies and their implementation:

Biodiversity Strategy: The regulation will be crucial to meeting other objectives un-• der the Biodiversity Strategy. As highlighted in the criteria and guidance for the designation of protected areas, if restored areas comply with the criteria for a protected area, they can count towards the objective of legally protecting at least 30% of EU land and sea⁹. The regulation will also contribute to other objectives such as covering at least 10% of agricultural area with high diversity landscape features by 2030. In addition, the restoration targets will help meet goals under existing and new instruments which will be used to implement the strategy, including the revised EU Pollinators Initiative, Forest strategy, Urban Greening Plans (which will be required for all cities with over 20 000 inhabitants), and the revised EU Soil Strategy. In several of these cases, the regulation will strengthen the mostly voluntary targets under these instruments by creating a legal basis to some of their provisions. For example, it creates a legal basis to improve the condition of several forest ecosystem indicators, and for reversing the decline of pollinators. Moreover, it will strengthen the implementation of the existing legal requirements of the EU's environmental acquis, including the Marine Strategy Framework Directive, the Water Framework Directive, and the Invasive Alien Species Regulation.

⁸ WEF: New Nature Economy Report (2020).

⁹ Commission Staff Working Document Criteria and guidance for protected areas designations (SWD(2022) 23 final).

- **EU Soil Strategy**: As highlighted in a recent <u>IEEP post</u>, the regulation will be a key instrument to achieve the new EU Soil Strategy's goal to reach healthy soils by 2050 as soils are a key ecosystem component. Targets under Article 9 and 10 on restoring and rewetting peatland under agricultural land and on achieving an increasing trend for soil organic carbon in agroecosystems and forests will be key to restoring organic and mineral soils. The EU Soil Health Law (planned for 2023) will include some additional targets for soil restoration.
- **Farm to Fork Strategy**: The proposed targets will help meet some of the Farm to Fork strategy objectives including reducing pesticide and fertilizer use, increasing landscape features, and improving soil health.
- **EU Climate Law**: Nature restoration is indispensable to achieving the EU's binding objective of climate neutrality by 2050 and cutting emissions by 55% by 2030. The regulation can therefore contribute to the Fit for 55 package, aiming to deliver on the EU's climate ambition. The Land use, land use change and forestry regulation (LU-LUCF) regulation is particularly relevant as emissions reductions achieved through restoration will contribute to the mitigation targets under this sector.
- **Climate Adaptation Strategy**: As set out in the EU adaptation strategy, nature-based solutions are an important, cost-effective strategy for mitigating and adapting to the impacts of climate change.
- **Blue economy strategy**: the regulation can strengthen the current legal framework for marine ecosystem conservation and contribute to the obligations under the Marine Strategy Framework Directive, the Maritime Spatial Planning Directive, and the Common Fisheries Policy, as well as the EU Water Framework Directive.

Proposed restoration targets	EU Biodiversi- ty Strategy	European Climate Law	Adaptation Strategy	Farm to Fork Strategy	Blue Economy Strategy	Zero Pollution Action plan	EU Green Deal Investment
Restoration of terrestrial, coastal and freshwater ecosystems (Art. 4)	\checkmark		\mathbf{i}	\searrow	\checkmark	\checkmark	\checkmark
Restoration of marine ecosystems (Art 5)	\checkmark	\checkmark	\checkmark		\checkmark	\checkmark	\checkmark
Restoration of urban ecosystems (Art 6)	\checkmark	\checkmark	\checkmark			\langle	\checkmark
Restoration of natural connectivity of rivers and natural functions re- lated to floodplains (Art 7)	\checkmark	\checkmark	\checkmark		\checkmark	\checkmark	\checkmark

Restoration of pollinators (Art 8)	\checkmark		\checkmark	\checkmark	\checkmark	\checkmark
Restoration of agricultural ecosys- tems (Art 9)	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark
Restoration of forest ecosystems (Art 10)	\checkmark	\checkmark	\checkmark		\checkmark	\checkmark

The regulation will contribute to achieving **international targets** under the Convention on Biological Diversity (CBD), the UN Convention to Combat Desertification (UNCCD), international treaties on biodiversity protection such as the Convention on the Conservation of Migratory Species of Wild Animals, and the 2030 Agenda for sustainable development. Restoration can help meet several UN Sustainable Development Goals (SDGs) including goals 14.2, 15.1, 15.2 and 15.3 on the conservation, restoration, and sustainable use of nature.

3. Planning the path to follow- A strong

implementation framework through national restoration plans

Strategic prioritisation through national restoration plans is needed for planning, financing, implementation, and monitoring of restoration action.

The NRL requires Member States to prepare **National Restoration Plans (NRPs)** which lay out how they will achieve the targets of the law according to their specific national needs. Member States are expected to submit a first draft of these plans within 2 years of the entry into force of the regulation and the plans will run until 2050.

The NRPs will define the areas to be restored, the planned restoration measures, the timing of these measures, how progress will be monitored, expected climate and socio-economic co-benefits, how climate change will affect restoration, and financing needs. The Commission will then have 6 months to assess the draft NRPs against the requirements of the regulation and can address observations to Member States which they have to consider in the preparation of their final plans. Member States will review their plans every 10 years to update them based on their progress and best available scientific knowledge.

We welcome the proposed obligation for Member States to develop national restoration plans. To meet the voluntary restoration target of the previous Biodiversity Strategy, the Commission produced guidance for the development of national strategic frameworks for restoration prioritisation¹⁰. Despite this, only a few Member States went on to develop these.

¹⁰ <u>Commission Guidance to the Member States in relation to the development and application of a strategic Res-</u> toration Prioritisation Framework, 2014

When preparing these plans, Member states will have to take into account **existing obligations and synergies with other relevant objectives and policies**. To fully capitalise on these synergies Member States should ensure a coordinated and strategic approach to developing the NRPs across the relevant ministries and including as many stakeholders as possible in the process. Increasing synergies between NRLs and existing monitoring and reporting requirements under other policies will help. In addition, the development of these plans should be informed by **effective public participation** to ensure it adequately addresses local needs. Cooperation should also extend beyond national borders to foster synergies with other Member States where plans cover **transboundary ecosystems**.

Ensuring adequate financing will be key to the implementation of the regulation. Member States should make full use of the available opportunities to fund restoration using EU funds under the current 2021-2027 EU programming period. Recent estimates of total spending available for biodiversity under the 2021-2027 Multiannual Financial Framework (MFF) amount to nearly EUR 114 billion, an average of approximately EUR 16 billion annually. A significant proportion of this amount should be channelled towards restoration. In addition to EU funding, restoration plans should clearly identify additional national public funding sources as well as opportunities to supplement these with private funding.

Finally, in line with the urgency to restore biodiversity, the regulation encourages Member States to implement restoration measures in parallel with the preparation of their restoration plans.

Well-designed NRPs are central to the success of the regulation. Member States should therefore receive appropriate guidance to develop these and make good use of Technical Support Instruments to request support in the implementation and design of the NRPs.

4. Keeping on track – The crucial role of effective monitoring and reporting

Effective monitoring and reporting are needed to ensure that the restoration measures and support identified in NRPs are implemented and are delivering their expected biodiversity restoration benefits on the ground.

Progress towards the regulation's objectives will be monitored by Member States against the targets and objectives of the proposal, the implementation of restoration measures laid out in NRPs, and the trends in the condition of restored areas. Based on this monitoring, Member States will report progress in implementing NRPs, putting in place restoration measures, and achieving restoration targets. The first reports will be submitted in June 2031 and the European Environment Agency will examine these to prepare an EU-wide technical report on progress.

If adopted, the **regulation will be reviewed in 2035** to examine whether its targets are being implemented and whether they are delivering impacts on the ground. If needed, a proposal to strengthen the regulation will be made including possible additional targets.

The proposed regulation therefore presents an important opportunity to **increase our knowledge and strengthen monitoring** of EU ecosystems and services. There are significant gaps in the information reported by Member States under the EU nature directives. Currently, a large proportion of Member States' assessments of habitat and species conservation status and trends is unknown or relies on partial data or expert judgement. The timebound legal obligations created by the regulation will create a stronger incentive to fill these knowledge gaps.

The road ahead - Next steps for the proposal, challenges, and

ensuring an ambitious regulation

The proposed regulation will now enter the next step of the EU legislative process where the European Parliament and the Council will negotiate its contents. **This is a crucial moment to ensure that the ambition of the proposed regulation remains high, and that its key components are not watered down.**

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