

Why this policy brief? Why now?

This policy brief takes a fresh look at the implications of the European Commission's proposed Nature Restoration Law for cities, regions and local actors. The first of its kind, this paper looks at what the Law holds in store for these governments and authorities – actors on the front lines of the global climate and biodiversity crises. With no time to waste, cities need to know what actions to take to successfully fulfil urban greening targets. In addition to guidance for targeted actions, the brief focuses on governance, policy coherence, stakeholder engagement, capacity building and of course financing – levers that can and must be deployed if the Nature Restoration Law is to be a success.

Who should read this?

- 1. Practitioners and policy makers at local and regional level who will be tasked with implementing legislation issued by the European Commission or by national authorities themselves:
- 2. Practitioners working directly in nature conservation or ecology, or in cross-cutting fields (e.g. urban, spatial or land use planning, landscape architecture, climate mitigation and adaptation, energy, agriculture);
- 3. **European Commission officials** with remits and interests in environment, nature conservation, biodiversity or nature-based solutions (e.g. Directorates General ENV, CLIMA, RTD or even GROW, AGRI and ENER).



Ecosystem degradation in Europe and the proposed EU Nature Restoration Law

Environmental degradation the destruction of life-supporting ecosystems are accelerating an unprecedented rate across the European Union's Member States. Some 81% of habitats assessed under the EU Habitats Directive had poor or bad conservation status in 2018 (EEA, 2020), and the current potential of EU-wide ecosystems to deliver timber, protection against floods, crop pollination, and nature-based recreation is equal to or lower than the baseline value for 2010 (Maes et al., 2020).

In this context, the keenly anticipated proposal for an EU Nature Restoration Law is deemed a game changer in the fight against climate change and biodiversity loss. It is regarded as the European Union's key contribution to the ongoing negotiations of the post-2020 Global Biodiversity Framework under the Convention on Biological Diversity (to be adopted at the Convention on Biological Diversity [CBD] at COP 15 [IEEP, 2022]).

The proposed Law emphasises the need for policy coherence and coordinated approaches across policy levels and governance (both vertical and horizontal), and is a crucial step towards meeting European and international climate and biodiversity commitments on time. Moreover, the Nature Restoration Law could conceivably drive policy convergence among United Nations conventions such as the UN CBD, the UN Convention to Combat Desertification, and the UN Framework Convention on Climate Change.

The proposal itself builds on the EU Nature Directives (Birds and Habitats Directives) and their lessons learnt, which to date – and despite legal requirements for ecosystem restoration – have not generated sufficient action to curb ecosystem and biodiversity loss.

In addition to most habitats' conservation status being "poor" or "bad", the stipulated legal restoration requirements were not bound in time, and the scope of "ecosystems" covered under the Birds and Habitats Directives, was limited. Moreover, 76% of the area of terrestrial ecosystems – notably urban ecosystems, forests

and agroecosystems (Maes et al., 2020) – was excluded. These factors were compounded by the voluntary nature of the target of restoring at least 15% of the EU's degraded ecosystems by 2020 (cf. EU Biodiversity Strategy), and were considered key reasons why the EU Nature Directives have thus far failed to reach their goals.

The proposed Nature Restoration Law, however, constitutes the **first ever legal requirement for large-scale nature restoration** with the aim of ensuring no further deterioration of hitherto protected habitats and species. The Law aims to "put in place, without delay, area-based restoration measures for at least 20% of the EU's land and sea area by 2030, and all ecosystems in need of restoration by 2050".

This target is in line with the <u>UN Decade</u> of <u>Ecosystem Restoration</u>, the objectives of the <u>EU Biodiversity Strategy for 2030</u>, and the targets of the post-2020 Global Biodiversity Framework currently under negotiation (<u>IEEP, 2022</u>). Crucially, the proposed Nature Restoration Law covers urban ecosystems, terrestrial, coastal and freshwater ecosystems

and marine habitats, agricultural and agro-ecosystems as well as forests, and specifies sequenced key restoration targets for 2030, 2040 and 2050.







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"Local frontiers" of the EU Nature Restoration Law: Cities and Regions

With three quarters of all EU citizens living in cities, regions and towns (World Bank, 2020), it is evident that urban action must be a cornerstone of the European Union's efforts in nature restoration. But it is clear that increasing, accelerated urbanisation, and stronger urban-rural linkages, are increasing the pressure on natural and semi-natural habitats in cities, towns and regions (Klaus & Kiehl, 2021).

This adversely impacts biodiversity, and the provision of life-supporting ecosystem services such as pollination, pollution control and soil erosion control (Forster et al. 2021). The resulting ecosystem degradation reduces the overall resilience of ecosystems to absorb, buffer and recover from climate impacts, and long-term stressors such as sea level rise and heat island effects. In short, this makes inhabitants even more vulnerable to the adverse effects of climate change and biodiversity loss (EEA, 2021).

Restoring ecosystems to a functioning state on a large scale, and reversing the

damage incurred, will be critical in the decades to come. Restoration efforts will therefore need to span cities, towns, peri-urban *and* rural areas.

Ecosystem restoration entails a wide range of practices, depending on local conditions and societal choices. It can include assisting natural regeneration, shifting modified ecosystems to more natural ones (NetworkNature, 2022), or the creation of new ecosystems – especially relevant in urban areas. And aside from societal and environmental benefits, ecosystem restoration can help boost local economies by creating jobs and opportunities for tourism (EC, 2022a, WWF, 2021).

Politicians, policy makers and practitioners (i.e. planners, landscape architects, land managers, contractors, developers) are well placed to drive ecosystem restoration in urban and peri-urban contexts with the appropriate measures.

Depending on the degree of authority conferred to local and regional

authorities by national governments, the former have access to instruments for integrated urban and territorial planning, as well as land use planning, regulation and development control (e.g. zoning, ecological compensation areas). Crucially, they also have access to financing (e.g. via taxation or procurement) (Forster et al. 2021).

In addition, they can foster the design and management of urban spaces in a way that protects, connects and restores urban ecosystems and habitats. For instance, by improving the quality of urban green spaces for resilience, biodiversity and climate mitigation. And because they are closest to local communities, they can raise awareness and rally for multi-stakeholder support that will be needed for joint, coordinated and systemic action.

Therefore, if a Nature Restoration Law is enforced and effectively implemented, over time we may see a decoupling of urban growth from the loss of urban green space (and notably tree canopy cover).





What does this mean for local and regional governments and authorities?

Whilst the proposed Nature Restoration Law primarily targets EU Member States, it has direct and indirect implications for local and regional governments and authorities.

On one hand, *direct* stipulations relate to the sequenced targets for urban ecosystems:

- No net loss of urban green spaces in every EU city, town and suburb by 2030;
- An increase in the total national area of urban green space by at least 3% by 2040 (compared with 2021), and 5% by 2050, with a focus on net gain of urban green space integrated into existing and new building stock and infrastructure development (this includes renovations and renewals);
- A minimum of 10% tree canopy cover in every EU city, town and suburb by 2050.

These urban greening targets are in line with urban greening strategies and the ambitions of the consulted cities - but several of them are considered minimum thresholds for action and could be more ambitious.

For cities, there are doubts about the accounting of urban green spaces and of recreational areas beyond city administration boundaries. This raises the need for clear terminology and information on the targets for cities, towns and regions. Moreover, a call has been made to acknowledge well-established concepts and their achievements, notably (urban) green infrastructure.

Local and regional authorities are also *indirectly* addressed by requirements for the development, implementation and monitoring of National Restoration Plans (NRPs). Within two years of the regulation coming into force, EU Member States are responsible for submitting to the European Commission their NRPs for a 2050 time horizon. These plans shall: define and quantify restoration areas; outline the current conditions of these areas; indicate planned

restoration measures, and their timing, monitoring mechanisms, and estimated financing needs.

As for local and regional governments, they can play a key role in creating an enabling environment for successful local implementation of the Nature Restoration Law by translating and integrating stipulations of the Law (and NRPs) into existing planning frameworks, policies and budgets.

Of course, local and regional authorities closest to the implementation of actions will need the technical expertise and capacity for designing, executing and monitoring actions (i.e. through in-house capacity building or by commissioning the relevant services). This might be one of the main challenges in the coming years. In addition, local and regional authorities will also have to report their achievements to the national level (and vice-versa); all of which requires sound mechanisms and the alignment of local, regional and national reporting protocols.





How can cities and regions implement the Nature Restoration Law?

Prioritisation of actions

Urban ecosystems that consist of cities and the surrounding, socio-ecological systems where most people live, are almost completely artificial - but they include, in different proportions, all other ecosystem types (forests, lakes and rivers and agricultural areas can all be part of urban fringe) and they are strongly influenced by human activities (Maes et al., 2020). Restoring degraded or destroyed ecosystems can take different forms, through actively planting or removing pressures so that nature can recover on its own. It is not always possible - or desirable - to return an ecosystem to its original state. (UNEP, 2021).

In cities, ecosystem restoration is often performed through <u>nature-based solutions</u>, which involve the design and management of new ecosystems¹ (<u>Eggermont et al., 2015</u>). Examples include: the restoration of degraded terrestrial ecosystems (i.e. soil and slope revegetation, plant trees or hedges or perennial grass strips to intercept surface run-off); the restoration and

creation of semi-natural water bodies and hydrographic networks (i.e. revegetation of riverbanks, constructed wetlands and built structures for water management), or; the restoration of degraded coastal and marine ecosystems (Somarakis et al. 2020; Maes et al., 2020).

Which types of restoration actions should be prioritised?

In its <u>impact assessment</u>, the Nature Restoration Law presents a list of examples of restoration measures for different ecosystems, and calls for prioritising actions that combine high-impact potential regarding carbon capture, climate adaptation and disaster risk reduction. With respect to, for example, carbon sinks, highly effective measures include restoring peatlands, wetlands and biodiverse forests.

However, limited space in densely built-up areas might limit options for restoring ecosystems. The guiding principle is to build on what is already there and consider the multifunctional use of space wherever possible to grow greener instead of greyer.

Such options might be: letting nature take its course (brownfields, road side verges with "no intervention"); biodiversity-positive design and management of (manicured) green space (e.g. adjusting mowing practices to maintain habitats, recreate diversity of natural systems), and; the creation of new semi-natural ecosystems and habitats (e.g. pocket parks, biodiverse green roofs as stepping stones in ecological corridors) (Connop & Nash, 2018; Wilk et al., 2019).

For instance, the renovation wave of old building stock provides ample opportunity for expanding biodiverse green spaces on roofs and walls (supported by regulatory frameworks making a ratio of green space obligatory for new and renovated buildings).

Local and regional authorities would benefit from additional guidance and support on how to prioritise restoration actions across ecosystems and their specific physical geographies, and how to address trade-offs among the different benefits for climate, biodiversity and society.



¹ Whilst the creation of new ecosystems strictly does not fall under the concept of ecosystem restoration, the authors decided to highlight it due to its importance for achieving urban greening targets in urban contexts.



Integration and coherence with policy and planning frameworks

The legal character of the Nature Restoration Law's urban greening targets offers an opportunity to spur ambition and strengthen the legitimacy and accountability of related policy instruments at local and subnational level (especially those with a non-binding character, e.g. <u>Urban Greening Plans</u>, <u>Local Biodiversity Strategies and Action Plans</u>, <u>Sustainable Energy and Climate Action Plans</u>). However, a supporting regulatory framework is also needed at local and regional levels to anchor the mandatory character of actions.

An important step for cities towards making the execution of measures mandatory, is the integration of stipulations in the municipal master plan. For the reporting and monitoring of no net loss and net gain of urban green spaces, land use categories might have to be reviewed, in light of a clearer demarcation between existing urban green spaces, and current green spaces that are foreseen for urban development.

Due to high competition over land use in a city, green spaces often lose out against other sectoral interests, such as housing or mobility. In the planning hierarchy, local and regional authorities should therefore make sure that Green Infrastructure Plans or Urban Greening Plans have the same – or even more - "weight" as other planning instruments.

Better integration of environmental aspects in building codes should be steered by higher level policy requirements. The legally binding urban greening targets of the proposed EU Nature Restoration Law can provide concrete benchmarks for formulating city-wide targets that are easy to communicate. Existing planning instruments, such as codes for public and private green areas, regulations for blue-green-grey combinations in new building development, zoning or protected areas, should be reviewed to assess broader application and improved enforcement (Wilk et al., 2021).

Voices from cities







Gitty Korsuize

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Fernando Louro Alves

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Voices from city network ICLEI







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Collaboration and stakeholder engagement beyond the usual suspects

Ecosystem restoration at scale cannot be addressed through a siloed approach.

A whole-of-government approach will be required, including a strong role and mandate for local and regional authorities, with formalised governance structures and processes. Similar processes and engagement mechanisms could be used as a reference, for example, National Biodiversity Strategies and Actions Plans (NBSAPs) and Local Biodiversity Strategies and Action Plans (LBSAPs).

Furthermore. effective stakeholder engagement and partnerships beyond the usual suspects are a prerequisite for large-scale ecosystem restoration bevond state-owned territories. Openness and inclusiveness must guide the development of NRPs - plans that must include indications of stakeholder and public engagement processes. Relevant stakeholders have to be actively invited into the process, and doors must be opened and dialogue encouraged.

The responsibility to co-ordinate and convene stakeholders that so far have not been part of the ecosystems sphere – such as private land owners, water managers, farmers or local and regional authorities – lies with national level actors.

However, the vast majority of national actors have neither the expertise nor the resources or established mechanisms for mobilising stakeholders around the NRP development and planning process. In addition, there are legal obstacles to implementing actions on private lands that are identified as priority areas for ecosystem restoration measures.

Procedures for identifying and registering property regimes are lengthy, and could postpone urgent action even further, given that the consent of landowners is needed prior to interventions. The case should be made that such interventions are: in the public interest; should be given full priority, and; must have regulatory backing.

Capacity building and technical expertise

The cities consulted for this policy brief stated that municipalities lack technical knowledge of, and capacity for, the successful implementation of restoration measures. This applies to a lack of expertise on habitats and species, ecological networks, and on the preparation of ecological restoration plans and their execution through qualified technicians.

Thus, the role of the technical support system – as proposed by the Nature Restoration Law – will be crucial and should include one-on-one support to municipalities in the planning and execution phase (otherwise these municipalities would have to commission specialised companies, thus straining financial resources).

Themes to be considered for technical support include governance, the prioritisation of ecosystem restoration measures, and good practices. The approach should be well integrated with existing platforms and go-to options for cities and regions that offer a wide array of good practices and pertinent resources (e.g. <u>CitiesWithNature</u>, <u>RegionsWithNature</u>; the forthcoming Urban Greening Plan Guidance, Toolkit and Platform; or the <u>UrbanByNature</u> capacity-building programme).



Here, we note the role of city networks in providing the necessary tools, resources, services and platforms for city-to-city learning and knowledge exchange.

However, for the Urban Greening Targets that the Nature Restoration Law prescribes for the national level, it is vital that clear guidance is given to local and regional authorities on how to fulfil the targets, and what their contribution should be

Financing ecosystem restoration

The impact assessment in the proposed Nature Restoration Law estimates the overall costs of the Law to amount to EUR 154 billion, which include: restoration efforts, purchasing land, compensation payments, and administrative costs for Member States. It should be noted that available spending for biodiversity, including restoration under the current 2021-2027 Multi-Annual Financial Framework amounts to around EUR 100 billion (EC, 2022c).

Member States must ensure adequate financing for the successful implementation of the Nature Restoration Law, and this would include available EU funds², channelling adequate resources to local and regional authorities, and eradicating environmentally harmful subsidies.

Regional structures that co-ordinate access to finance for municipalities could play an important role in channelling the required financial resources from Member States to the local and subnational level, and act as support lines for co-financing with municipalities.

Such regional structures, for example co-ordination and regional development commissions, already exist in some EU countries. These bodies can help streamline and co-ordinate priorities among municipalities for more effective interventions at territorial scale in the long term. Once the measures to be included in the NRP have been identified, the national government could launch specific thematic lines of support for which municipalities can apply, such as combating invasive alien species, or the restoration of native forests.

With respect to national and municipal funding sources, one of the main challenges is that ecosystem restoration is competing with other high priority issues pertaining to land use, such as housing or mobility. This competition will not be solved only by the adoption of the Law. However, stronger enforcement could create the enabling conditions for greater political will and thereby increased spending on ecosystem restoration.

Financing in ecosystem restoration is public sector-heavy, with an urgent need for private sector actors to step in and close the financing gap. In the case of climate change, biodiversity and land degradation globally, this gap is estimated by the UN State of Finance for Nature report at some USD 4.1 trillion (UNEP, 2021). A switch to a nature-positive economy offers opportunities for framing ecosystem restoration in terms of its benefits and thus attracting private sector investment that would complement public funding (EC, 2022a).

Untapped opportunities for mobilising private investment lie in market-based instruments, such as payment for ecosystem services (PES) schemes, or voluntary and compliance markets for land-based carbon removals. However, the experience of *local* and *regional* authorities with such instruments and alternative finance (e.g. public-private partnerships or green bonds) is very limited. Capacity building is urgently needed, and should be one of the priorities of the technical support system.



² Indeed, research and innovation have been mobilised by the European Commission in projects to demonstrate how to deploy nature-based solutions and large-scale ecosystem restoration. Nature-based solutions also feature prominently in Horizon Europe's work programmes, the EU's Biodiversity Partnership, Biodiversa+, as well as in Horizon Europe Missions (notably on Adaptation to Climate Change and Ocean and Waters) (EC, 2022b).

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