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***4th Meeting of the Working Group on No Net Loss of Ecosystems and their Services***

**4 February 2013**

9:30 – 17:00.

**Summary of meeting**

François Wakenhut, head of the Biodiversity Unit in DG Environment, opened the meeting and welcomed participants.

**Presentation of the output of the study "Exploring potential demand for and supply of habitat banking in the EU and appropriate design elements for a habitat banking scheme"**

GHK presented the final results of this study, which incorporated the feedback on the interim results from the workshop of 5 July 2012. The presentation focused in particular on the legislative framework analysis, and on design elements, as these were closest to points discussed by the Working Group (legislative gap analysis and agenda point on management and support instruments). Feedback from the Group on the outcome of the study was generally positive.

There were a few clarification questions, in particular on the need for mandatory approaches vs voluntary approaches. It emerged from the following discussion that in OECD countries, there was little incentive for private entities to act beyond existing requirements. Voluntary approaches outside OECD countries were mainly driven by PS6. Several participants said that existing experiences showed the limits of the business case for adopting NNL approaches without a regulatory environment.

The executive summary, full report and annexes are available on:  
<http://ec.europa.eu/environment/enveco/studies.htm>.

**Presentation of the study "Policy options for No Net Loss"**

DG ENV explained that while the objectives of the GHK study had been to explore habitat banking as a possible economic instrument in the wider portfolio of economic instruments for the protection of the environment, the objective of this new study was to develop possible policy options and analyse their impacts to support the Commission in the development of the no net loss initiative.

DG ENV also explained that 4 members of the Working Group were part of the selected consortium for this project. 3 of them would only provide punctual expertise in the

report, and would not be main authors. They would continue their work in the Working Group without any changes. As the 4<sup>th</sup> member was foreseen to provide more substantial input, in order to ensure transparent and effective contributions, he would be considered as a full member of the consortium and would attend future Working Group meetings as an observer. There was no objection to this proposed way forward. DG ENV said this would be communicated at the following meeting of the Coordination Group on Biodiversity and Nature (CGBN) on 21 March.

IEEP presented the tasks of the project. Questions focused on the role of the model, the availability of data in Member States, and whether it would be possible to look at impacts at the level of sectors. The importance and the difficulty of carrying out a gap analysis with a clear legal orientation were highlighted. IEEP said a broader analysis on policy options was envisaged. The Commission said that the analysis would be reviewed after completion of the study to see whether additional work was needed.

Several participants said they would welcome the opportunity to provide further comments.

A workshop was foreseen in the first week of July to present interim results and invite feedback from participants. DG ENV indicated that a last Working Group meeting could be envisaged immediately after that workshop if needed.

### **Update on developments in the MAES and Restoration Prioritisation Framework (RPF) Working Groups, and associated studies**

DG ENV explained that to ensure adequate communication and synergies amongst the Working Groups, a standard point on developments in each of the Working Groups would be included in future meeting agendas.

Developments in the MAES Working Group concerned the development of an analytical framework linking together the state of ecosystems, ecosystem services, and human well being. The framework included a categorisation of ecosystem types and of ecosystem services, which could also be used in the context of the NNL initiative. 6 Pilot studies were being launched to test the analytical framework for specific ecosystem types, as well as two horizontal ones on data availability and on natural capital accounting.

In the RPF WG, a concept paper was being developed providing a definition of restoration as a process, with different levels of restoration based on parameter thresholds, rather than an absolute target level. This could also have ramifications in the NNL work, for example in the definition of metrics.

The Working Groups were supported by two ongoing studies, one on mapping and assessment of ecosystems, and another on the development of scenarios for implementing Target 2 and on a restoration prioritisation framework. As these two studies and the study on no net loss policy options had some common elements such as the development of a baseline scenario, coordination was necessary and a first meeting had already taken place. Other relevant studies included a study on Biodiversity Proofing, now available on the Europa biodiversity pages, and another study soon to be completed on the costs of implementing target 2 and financing instruments for implementation.

Finally Working Group members were encouraged to join the circabc sites related to the other two Working Groups to have full access to the documents.

### **Objectives and scope of the NNL initiative**

Guy Duke, from the Environment Bank, presented the revised version of the paper, which incorporated the many comments that had been received since the last WG meeting. The Commission welcomed the paper and clarified that its purpose was to capture the different views within the group on the way forward. The discussion focused on: whether compensatory measures should be allowed in Natura 2000 sites, and whether activities outside the network could finance Natura 2000 sites; on the scope of the NNL initiative vis à vis sectors, and whether to focus on a project-based approach for agriculture; on biodiversity vs ecosystems and ecosystem services, and on species and habitats of Community Interest vs the wider landscape; on the emphasis on avoidance vs offsets; and on voluntary vs mandatory measures. Issues that were raised by participants as missing in the paper and needing to be introduced included the minimum threshold level to be applied, and the possibility of cross-boundary schemes (e.g. for migratory species).

The Commission highlighted that there was not consensus on several of these issues, and that the paper should reflect the different views rather than narrow down on a single way forward. The conclusion section in particular was too narrow in the current version, and should be temporarily left aside to concentrate on accurately reflecting the different views in the preceding sections.

Written comments on the current draft paper were invited by 28 February. A final version would be produced by 2nd May, after further iterations within the subgroup, for discussion at the following NNL meeting on 23 May. There would be an opportunity for sending last remaining comments in writing after that meeting.

### **Operational principles for NNL**

Ariel Bruner from Birdlife presented the revised version of the operational principles paper. Euromines said that previous comments were not reflected in this version and volunteered to produce a new draft. DG ENV suggested that the paper could be structured along the three elements proposed in the draft: principles for avoiding harm; minimise and rehabilitate; offsetting residual harm. Participants agreed this would be a useful way forward as it would make clear there were other solutions beyond offsets, and that there is a need for principles on avoidance and minimisation. Other issues that were mentioned as missing in the paper included thresholds and making timing issues explicit. There was some discussion on sections that might not be needed in the paper, including the introductory section that overlapped with the scope and objectives paper, and the text box on a legal analysis, given that there would be some further output from the ongoing study on NNL policy options, and that DG ENV could look into a possible internal analysis of the environmental acquis.

Euromines and Birdlife committed to producing a new version by 22 February. Further comments from WG members would be invited by 7 March, with the aim of producing a revised version by 2<sup>nd</sup> May.

### **Glossary of terms to use in the NNL WG**

Wolfgang Wende from Leipzig University presented the revised glossary. There had been good progress on the document. Participants discussed and agreed a number of definitions, including for mitigation hierarchy, additionality, ratio/multipliers, and compensation/offsets. A definition for 'equivalence' would be added in the next draft and discussed in the next meeting, along with remaining terms in the list. It was noted that for some terms there were already established definitions in EU legislation and that the

proposed glossary should stick as much as possible to these definitions unless there were good reasons to deviate.

Written comments were invited by 28 February, for a revised version by 2<sup>nd</sup> May after further iterations within the subgroup.

### **Discussion on management and support instruments**

DG ENV recalled that the initial indicative list put forward for discussion at the 7 November meeting had been expanded following proposed additions during that meeting, and that comments had been received from Birdlife seen. Following a discussion on the contents and aims of this list, it was clarified that: (i) the terminology used is that of the council conclusions of December 2011; (ii) at the moment the list was the result of a brainstorming session and covered a wide range of options with some elements more concrete and realistic than others, at least at EU level, and (iii) the aim was not to develop policy options as such but to look at concrete management instruments that might be needed in support of specific policy packages. Many of these were covered under 'design elements' in the GHK study. A proposed way forward was to reorganise the list according to possible criteria including: existing instruments vs new ideas, or different types of instruments (policy, knowledge, monitoring) and seek further comments on this new version. The international workshop foreseen for 22 May with concrete national case studies could serve to illustrate how some of these instruments could be used through concrete examples.

The Commission proposed to reorganise the paper along these lines by 22 February, and invited further comments by 7 March.

### **Wrap up and next steps**

The next meeting of the WG would take place on 23 May, following a workshop jointly organised with BBOP, to explore practical international experiences of offsets. The policy options workshop would then take place in the first week of July, possibly followed by a last meeting of the WG. Recommendations from the Working Group in the form of the papers currently discussed were still expected towards the middle of the year.