

# Bridging the gap

## Financing national nature restoration plans

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## Introduction

The Nature Restoration Law<sup>1</sup> (NRL) is a major agreement that represents a significant opportunity to halt and reverse biodiversity loss in Europe. The law sets legally binding targets for Member States to restore 20% of land and sea areas by 2030 as well as all ecosystems in need of restoration by 2050.

A year and a half after the NRL's official adoption, Member States are in the process of drafting their national restoration plans (NRPs), to be submitted by 1 September 2026. These NRPs must detail how Member States will achieve the NRL's targets and obligations. The plans must also outline cost estimates and identify the funding sources, including EU funds, they intend to utilise.

This financing aspect will be a key factor determining the NRL's success and effectiveness. Given the long-term timeframe, there is a need for stable, sustained and predictable financing for several decades to come. The process of identifying EU financing instruments for restoration plans is crucial, especially since the new proposal for the next EU budget,<sup>2</sup> proposed by the European Commission in July 2025, missed the opportunity to include a dedicated nature fund and excluded the LIFE programme in its current format.

This means that Member States, when drafting their NRPs, will have to outline the current EU funds and programmes they wish to use for financing nature restoration, while also anticipating potential changes in the next EU budget period. Though this is an additional layer of complexity, it is also an opportunity for EU decision makers to factor in NRL requirements when planning and negotiating the next budget.

EU policymakers recognised the need for adequate funding when proposing the NRL and included a provision stipulating that the Commission would conduct an analysis of Member States' funding needs and the sources available.

This briefing initially aimed to complement the Commission's report outlining available financing sources for restoration plans. The report was due to be published on 19 August 2025, but six months later, the report is still not publicly available, and it is increasingly unclear whether it will be published at all. However, some public references to the Commission's draft report have been made, putting the estimated cost of implementing the NRL at between EUR 11.8 and EUR 13.1 billion per year until 2030 solely for restoration activities. The draft also stated that funding from the existing Multiannual Financial Framework and the Member States' budgets amounts to approximately EUR 9.4 billion per year, and will not be enough to cover

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<sup>1</sup> European Parliament, [European Council, Regulation \(EU\) 2024/1991 of the European Parliament and of the Council of 24 June 2024 on nature restoration and amending Regulation \(EU\) 2022/869](#), Eur-Lex, 29 July 2024.

<sup>2</sup> European Commission, [Multiannual Financial Framework](#), 17 July 2025.

the implementation of the NRL, hence the annual financing gap will be between EUR 2.4 to EUR 3.7 billion until 2027.<sup>3</sup>

In any case, the main purpose of this briefing is to provide an outline for national authorities responsible for NRP implementation about how they can best use current and future EU funds to finance their plans. It presents an overview of how EU funds are currently used to finance biodiversity measures, as well as the limitations of this funding. It also identifies several barriers at the national level that prevent EU funds from being used effectively, followed by recommendations to move forward effectively.

## Current approaches and limitations to EU biodiversity financing

Unlike for climate spending, individual EU-funded programmes under the current EU budget do not require a certain percentage to be earmarked for biodiversity expenditures. There is however an overall climate and environmental spending target of 30 per cent across the entire EU budget, and an agreement that 7.5% in 2024, and 10% in 2026 and 2027, of annual spending from the EU budget is to be dedicated to biodiversity objectives.<sup>4</sup> This means it is largely up to individual Member States and national managing authorities to determine the amounts they allocate to biodiversity-related measures, as well as the types of projects they wish to finance.

Currently, two of the largest funding streams for biodiversity financing, the Common Agriculture Policy (CAP) and the cohesion policy funds, operate via a process of shared management, meaning Member States have a high degree of flexibility and control to use these funds as they see fit. Biodiversity funding is also allocated through a series of other existing funds and programmes designed to achieve the EU's various sectoral objectives. However, this means that biodiversity has to compete for funding with other sectors, many of which receive greater political support from national governments.

Even before factoring in the requirements of the NRL, there is a clear need to drastically increase spending for biodiversity. A 2022 estimate suggested that meeting the objectives of the Biodiversity Strategy for 2030 would require EUR 48.15 billion a year from 2021 to 2030 (EUR 481.48 billion over the whole period), but that there would most likely be a financing gap of EUR 18.69 billion per year.<sup>5</sup> More recently, in 2025, the Commission's Environmental Implementation Review put average annual biodiversity and ecosystems

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<sup>3</sup> Council of the European Union, [AOB for the meeting of the Council \(Environment\) on 21 October 2025 Reflecting the environmental agenda in the Multiannual Financial Framework 2028-2034 - Information from Czechia](#), 10 October 2025.

<sup>4</sup> European Parliament, Council of the European Union, European Commission, [Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources](#), OJ L 433I, Eur-Lex, 28-46, 22 December 2020.

<sup>5</sup> Martin Nesbit et al., [Biodiversity Financing and Tracking – Final Report](#), Institute for European Environmental Policy and Trinomics, 2022.

spending for 2021 to 2027 at EUR 28 billion, with a financing gap of at least EUR 37 billion per year.<sup>6</sup> Insufficient funding for nature conservation and restoration activities is therefore a key barrier to tackling biodiversity loss.

However, even when EU funding is available, it is often underused. The EU's EUR 700 billion Recovery and Resilience Facility allocated only 2% of funds to biodiversity,<sup>7</sup> which was particularly low in central and eastern European Member States, and the 2021–2027 cohesion policy operational programmes allocated just EUR 7 billion to biodiversity out of a total allocation of EUR 367 billion.<sup>8</sup>

Moreover, for the 2014–2020 period, the Commission planned to spend 8.1% of the EU budget (EUR 86 billion) on biodiversity, with 77% of this amount (EUR 66 billion) coming from the CAP. Yet actual spending was difficult to track, and the majority had no direct positive impact on biodiversity.<sup>9</sup>

Financial allocations earmarked for nature restoration and conservation measures remain too low. In other words, although funding is available for Member States, it is not being channelled into activities for tackling biodiversity loss.

EU funds should play a crucial role in financing biodiversity nationally, but are not being effectively utilised. There is an increasing need for a more targeted approach to aligning available funding with priority areas. This is particularly true given that financing nature conservation and restoration activities on a large scale has its challenges. Restoration projects are usually very site-specific and often small-scale.

Fortunately, the NRL now provides a unique framework to ensure that national authorities allocate financial resources and better align funding with the nature restoration measures most effective at tackling biodiversity loss.

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<sup>6</sup> European Commission, [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2025 Environmental Implementation Review Environmental implementation for prosperity and security](#), 7 July 2025; European Commission, [Environmental investment needs and gaps](#), 2025.

<sup>7</sup> Ibid.

<sup>8</sup> European Commission, [Cohesion Open Data Platform](#), accessed 4 February 2026.

<sup>9</sup> European Court of Auditors, [Special report: biodiversity on farmland, CAP contribution has not halted the decline](#), 2020.

## Key challenges with EU funds for biodiversity at the national level<sup>10</sup>

Even when available on national level, the use of EU funds for biodiversity encounters certain challenges.

Environmentally harmful subsidies are still widespread, undermining investments in nature protection and restoration.

Fund planning processes are also disconnected: the timelines of national budgets, the EU budget, and the Prioritised Action Frameworks (PAFs) that define funding needs and priorities for Natura 2000 are not well synchronised, and the approach used for their financial planning varies widely.

This is further exacerbated by extremely unpredictable and insecure financing for biodiversity, often project-based and bound in a fixed-term structure lasting only a few years. This approach often limits the potential for long-term conservation planning and continuity. In addition, the nature conservation sector suffers from a lack of capacity and technical expertise and is rarely seen as an equal partner to other sectors, so it is often overlooked when planning complex integrated projects and other cross-sector investments.

## Recommendations and guidance about how authorities can utilise EU funds for Nature Restoration Law financing

The current planning of the NRL directly coincides with the planning of the future EU budget. This is a very strong opportunity to plan and develop EU funds and programmes to better meet the needs of the NRL.

The following recommendations are provided with the aim of encouraging both the EU and Member States to seize this opportunity to drive the NRL forward and ensure its success is not hindered by poorly planned and implemented funding.

### 1) Redirect harmful investments and subsidies to increase available funding

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Financing restoration activities can be in vain if the same body is financing activities that destroy biodiversity. The restoration of a valuable grassland habitat has limited financial or environmental value if another such habitat is being simultaneously destroyed. Preventing these harmful activities, either directly or indirectly through subsidies, has multiple financial benefits. It allows increased funds to be made

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<sup>10</sup> A more detailed analysis of national level barriers to EU biodiversity financing is available in the following publication: CEE Bankwatch Network, EuroNatur, [Biodiversity on the brink: What's holding back financing for nature in the EU?](#), 7 February 2023.

available. But also, through redirecting the costs, it allows for a far more long-term, cost-effective approach. Protecting nature is considerably cheaper than restoring it, especially since future funds don't need to be spent to restore an already protected habitat. Securing financing for restoration plans is only one piece of the puzzle, and should be matched with greater attention to preventing damage.

Significant attention should therefore be paid to identifying and phasing out harmful subsidies, as per the requirements of the restoration plan guidance.<sup>11</sup> At the same time, thorough reviews should be undertaken of past and ongoing funding programmes to identify negative impacts from investments in order to prevent such impacts in the future. In particular, investments from the CAP, which make up the largest share of biodiversity financing, have not only been ineffective,<sup>12</sup> but in many cases directly harmful.

## 2) **Unlock untapped climate funding potential**

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Climate and nature restoration activities are often two sides of the same coin. Climate adaptation has a very close link to nature restoration measures. Similarly, there has been considerable recent emphasis on water-related initiatives that overlap with measures to restore and manage water resources while improving their ecological status. Given the many highly connected sectors and corresponding initiatives, a comprehensive approach should be taken to ensure funding available for such issues as climate or water are utilised on biodiversity-related projects. The current budget has a mandatory 30% climate spending requirement, far higher than what's earmarked for biodiversity. This should be utilised to fund investments that can cover both climate and biodiversity actions.

## 3) **Use the priorities identified in national restoration plans to more accurately align funding with high priority nature conservation and restoration needs**

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National restoration plans, together with PAFs, outline the highest priority needs for nature conservation and restoration. These should therefore serve as the primary reference point when directing available EU funds and resources to restoration needs. Experience has shown that the concept of a biodiversity investment in the Rio Markers methodology is too vague and leads to financing activities that do not correspond to the most pressing conservation needs outlined in planning documents. This can be seen directly in PAFs, in which, though the conservation measures are known, there is no guaranteed, secured financing available to implement these activities. Restoration plans, which will now include legally binding

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<sup>11</sup> Requirements are outlined under Annex 4.3.2 'Subsidies that negatively affect the meeting of the targets and the fulfilment of the obligations set out in the Regulation (Art.15(3)(v))'.

<sup>12</sup> European Court of Auditors, [Special report: biodiversity on farmland, CAP contribution has not halted the decline](#).

measures, should act as a clear blueprint for planning biodiversity related measures, and these should be duly taken into account when allocating funding.

#### 4) Use different funding sources according to needs

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Different funding instruments should be tailored to the type of investment in question. Structural funds in particular should prioritise investments in reforms to increase capacity and technical expertise. This could involve training and technical assistance, as well as recruiting additional staff to cover the nature conservation sector. Directing funding towards operational expenditure for biodiversity projects, rather than just capital costs, would have the benefit of improving absorption and therefore delivering real long-term impact. This is because most nature restoration and conservation projects require an initial upfront investment for restorative actions and to create the conditions for long-term management of a specific area.

Project-based conservation funding usually does not provide the necessary investments needed to improve operational and administrative capacity. But insisting on long-term funding to improve capacity would mean that funding can be more effectively managed and situations where funds are not fully utilised due to capacity issues could be avoided. This is especially important during the planning and implementation of restoration plans.

By contrast, programmes with a narrower remit and scope, namely LIFE programme, should be used for more targeted nature-related actions, such as direct investments associated with restoration plans and PAFs. However, it is yet to be seen how this could be implemented after 2027, especially in light of the destruction of the LIFE programme suggested by the new EU budget proposal, leaving biodiversity in Europe without its only dedicated source of financing.

#### 5) Use cost estimates from successful restoration projects to learn from, replicate and upscale

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A number of highly successful restoration projects have been financed across the EU. The LIFE programme in particular has been implementing these projects for over three decades, resulting in the development of considerable experience and knowledge. Reporting and monitoring of previous projects include reliable and accurate data about the final results and the costs required.<sup>13</sup>

Managing authorities should have access to the LIFE project reports and additional information on national level. This information can be crucial for making well-informed decisions when designing suitable projects in restoration plans. Moreover, the detailed information already available can be used to upscale and replicate these successes even in cases where the funding mechanism is different.

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<sup>13</sup> European Commission, [LIFE – Performance, Programme for the Environment and Climate Action](#), accessed 6 February 2026.

## 6) Improve coordination between national level strategies and objectives

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Aligning national or regional biodiversity action plans to EU strategies and objectives, particularly restoration plans and the overall EU Biodiversity Strategy objectives, would make the process of identifying restoration needs and allocating available funding more efficient. Such financing is only possible when a thorough overview is available and where a consistent, uniform approach is applied. This should also allow for a coordinated timeline where the needs are identified and developed in correspondence with investment planning processes which decide how and where to allocate funds.

Creating national task forces for better coordination of funds and nature conservation frameworks could help achieve this. One promising reform would be to improve inter-agency coordination since biodiversity projects tend to rely on multiple agencies and have cross-sectoral benefits. This is particularly important in the context of drafting national restoration plans, or similar documents, which involve a wide range of stakeholders.