

Agenda Item 2 HELCOM Baltic Sea Action Plan

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OUTCOME OF THE 3RD HELCOM STAKEHOLDER CONFERENCE

The Meeting is invited to:

- take note of the outcome of the Stakeholder Conference;
- agree on handing the outcome of the Stakeholder Conference over into the process of implementing the Baltic Sea Action Plan.

General

During the Stakeholder Conference there was an agreement that political commitment of the Contracting States to implement the measures agreed in the Baltic Sea Action Plan in order to reach and maintain good ecological status of the Baltic is absolutely crucial for successful implementation of the Action Plan.

The Conference stressed the link between the Action Plan and the existing legal frameworks and processes at global, European and national levels. In particular, the Action Plan was considered instrumental in implementing the various pieces of EU legislation relevant from the point of view of protecting the marine environment. The European Commission stressed that it can be seen also in the other way — that EU legislation is instrumental for implementing the Action Plan.

The Conference focused on three themes: broad-scale marine spatial planning, financing the implementation of the Action Plan and how to prepare successful projects to ensure/increase the investments for marine environment protection.

Participants of the Stakeholder Conference represented national authorities, politicians, IFIs, other regional bodies, industry and NGOs. The number of participants was nearly 130 persons. The conference programme consisted of presentations, a fictive case study exercise on marine spatial planning and a panel discussion on how to ensure successful implementation of the HELCOM Baltic Sea Action Plan.

Broad-scale marine spatial planning

In the HELCOM Baltic Sea Action Plan, HELCOM Contracting Parties committed themselves to develop, by 2010, as well as test, apply and evaluate by 2012, in co-operation with other relevant international bodies, broad-scale, cross-sectoral, marine spatial planning principles based on the Ecosystem Approach. To underline the importance of this activity HELCOM has adopted Recommendation 28E/9 on development of broad-scale marine spatial planning principles to support the implementation of this commitment.

Marine spatial planning is a marine equivalent to terrestrial spatial planning which has been used to rationally develop e.g. urban areas, but also to protect environmental and cultural values. Whereas terrestrial spatial planning has for centuries been an integrated part of national law in many European countries, marine spatial planning is a novel, emerging form of legality implemented so far mainly in connection with protected areas. In short, spatial planning separates conflicting uses based on an integrated approach and the identification of areas, based on environmental parameters, where human activities are allowed/restricted/not allowed to be carried out.

To initiate a discussion with all relevant stakeholders on how broad-scale marine spatial planning can be used as a planning tool within HELCOM the 2008 HELCOM Stakeholder Conference featured a participatory activity, which aimed to illustrate to the participants of the Conference, although in a simplistic way, the problems related to the process of marine spatial planning when trying to balance nature conservation needs and other uses of the marine environment. The activity was preceded by the introductory presentations by Germany, EC and VASAB.

The participatory activity revolved around a fictive case where Conference participants, split into groups of 10-15, were requested to propose locations for 20 gigawatts of wind energy parks and additional Baltic Sea Protected Areas on a map of the Baltic Sea. Background information about various anthropogenic activities and natural values of the Baltic were given to support the requested decision.

During the exercise, the participants became familiar with the challenges, and the costs and benefits that need to be considered when planning the uses of marine areas, having to take into account differing stakeholder interests as well as potential negative environmental consequences of various different choices.

The activity involved consideration of whether, and how, different global environmental targets complement each other, e.g. Kyoto Protocol committing developed countries to reduce their greenhouse gas emissions by 2012 to a total cut of at least 5% against the baseline of 1990; EU member states' commitment to have 20% of the EU's overall energy consumption coming from renewable resources by 2020; and the Convention on Biological Diversity target for 10% of all marine ecological regions to be effectively conserved by 2012.

Conclusions

In the concluding panel session, group leaders discussed the processes and issues that arose during the group exercise.

The participants of the Conference shared the view that broad scale marine spatial planning is an important part of an ecosystem approach to management of human activities as it highlights the need to coordinate and plan various human activities in space.

It was recognised that the spatial dimension is relevant to both monitoring, planning and regulation activities and marine spatial planning is also in this sense closely linked to ecosystem approach and its implementation.

It was further recognised that there are different scales of spatial planning - local, national and Baltic-wide - representing different interests in using marine resources and space as well as implying different priorities for possible conflict resolution. All scales were considered equally important as none of them alone is sufficient for good management.

HELCOM's activities to develop common principles for broad-scale marine spatial planning were considered important for harmonising different approaches and setting common goals for the Baltic region. By that HELCOM could play a valuable supportive role for implementing national and especially regional commitments as regards marine spatial planning.

Furthermore, HELCOM was seen as having an important role in integrating and harmonising marine spatial planning between EU and the Russia Federation. The need to have the same overall principles applied in the whole Baltic Sea are important in the light of various legislative and non-legislative initiatives addressing spatial planning ongoing on a national and European level. Among them are VASAB Long Term Perspective for the Development of the BSR and the incoming EU Maritime Policy and its Blue Book, requiring EU member states to nationally implement integrated marine spatial planning and foreseeing development of guidelines for national policies and a road map for marine spatial planning by 2008. HELCOM could and should contribute to these initiatives and be a proactive partner in their regional implementation.

The Conference agreed that in many cases natural values are not possible to compensate and the role of HELCOM should especially be to safeguard Baltic marine environmental interests within regional marine spatial planning processes.

Conflicts between stakeholders could generally be minimised by early stakeholder involvement, wise planning and efficient management in multiple use areas of the marine environment. The Conference pointed out that in many cases numerous different activities can coexist in the same area without problem.

Not only is integration of different sectors vital, but successful planning requires close cooperation with relevant planning and implementing authorities at the national level in the whole region. The Conference also highlighted that terrestrial – marine interactions have to be taken into account and integrated into regional scale marine spatial planning and management.

The Conference highlighted that management plans need to be set in a longer time perspective to provide a stable legal environment for decisions on long-term investments and developments in the sea area. Due to incompleteness in available data it is often necessary to make spatial planning without adequate information (based on the Precautionary Principle). Therefore marine spatial planning processes need to be adaptive in order to adjust to changing conditions and new data and information.

The participants emphasised the need for good scientific knowledge and reliable and easily accessible data, as comprehensive information is related to successful and integrated planning and management. It was agreed that there is need for much more data covering the interrelationships between socio-economic and environmental aspects, which can be visualised by mapping different sea uses and natural values. Conflict matrix tables were also emphasised as a useful tool for taking into account different stakeholders and uses when planning and identifying potential conflicts and negative impacts.

HELCOM was recognised as an important focal point for sharing best practices and knowledge “factory” in the region as well as a regional environmental data provider and a data access point in the Baltic. This role should be further strengthened.

Financing the implementation of the HELCOM Baltic Sea Action Plan

The aim of this theme was to involve the International Financial Institutions and the private sector in the implementation of the HELCOM Baltic Sea Action Plan and to get to know their requirements for providing financing support.

Funding available for the financing of the implementation of the HELCOM Baltic Sea Action Plan

The Conference acknowledged the view of several of the speakers that there is plenty of funding that can be made available for environmental projects and for implementing the HELCOM Baltic Sea Action Plan. Presentations given during the Conference made a point that funding is available for implementation of the Action Plan from EU funds (e.g. structural, cohesion and fisheries funds), IFIs as well as private sector. It was stated that that it is now crucial to move from a programme level to project level because the IFIs are only interested in funding good projects, not the BSAP as a programme.

The Conference noted that despite the potentially available funding there is shortage of demand i.e. shortage of implementable projects. Some of the problems in project elaboration and implementation that were addressed by the Conference speakers were capacity shortages especially in project preparation and project management, too optimistic time schedules and to some extent instability and unpredictability of the working environment.

The Conference noted that commitment on high political level of the countries to implementing the Action Plan is crucial also from the point of view of securing sufficient funding. Political commitment of the heads of the states is manifested in the manner environmental projects are prioritised in relation to other projects when nations are deciding about allocation of funding and investments.

The Conference considered that better prioritisation is needed to secure funding for the implementation of the Action Plan. This need for shift in priority setting applies to purely national funding as well as to EU funding which is allocated on the basis of national priority setting, such as the EU cohesion, structural and fisheries funds. The Conference participants also made a point that often other sectors' projects are less complex than those of the environmental sector which tends to enhance allocation of funds to other sectors' projects.

The Conference pointed out that the emerging EU Baltic Sea Region Strategy, which is likely to include a component of strategic partnership with the Russian Federation should have strong environmental focus, in particular as regards the Baltic Sea marine environment. The

Conference was of the opinion that the Baltic Sea Action Plan should be one of the cornerstones when discussing about the emerging EU strategy. The Baltic Sea Action Plan was considered to be an instrument to implement the EU law. However, the EC representative noted that the EU law helps to implement the Action Plan. In practice, this interrelationship could mean that projects to implement the Action Plan and competing for EU funds should be prioritised.

The Conference felt that private investors will bring extra momentum to the implementation of the Action Plan. This extra momentum is due not only to the extra funds made available but also to the efficient ways of working of the business sector, good international connectedness and efficient, high-level networks. One of the motives of the business sector to be involved in the protection of the Baltic Sea is that there are also business opportunities. Private initiatives, such as foundation for a living Baltic Sea use the expertise of the scientific community and the best available knowledge. They consider HELCOM with its knowledge-based Baltic Sea Action Plan as a body with a central role.

It was noted by the Conference that transparency and access to information is crucial for efficient utilisation of resources. It was felt that HELCOM should have the role of a public information holder for data and information that is relevant for preparation of projects. The Conference felt that resources may become wasted for example if investors one at a time need to do the research themselves when the needed data could just as well be publicly available. In this regard, it was considered that a data bank or a registry for information on urban waste water treatment plants and big animal production units in need of environmental investments would be useful.

How to prepare successful projects to ensure/increase the investments for marine environment protection

The Stakeholder Conference considered that financial resources available in the foreseeable future are not adequate to cover expected costs of making the Baltic Sea healthier, while competition for monetary resources is quite tense between various sectors, so it is obviously needed to prioritise investments with higher positive environmental impact on the Baltic Sea. Having in mind time constraint for the BSAP implementation, the prioritisation of the projects shall be undertaken urgently both on national basis as well as Baltic-wide. Pooling of monetary, human and other resources for the implementation process is urgently needed, so arrangement of the HELCOM BSAP Pledging Conference is vital for the success.

The Conference welcomed presentation of concepts, experiences and approaches applied by IFIs while prioritising projects to be selected for further financing, as well as lessons learnt and recommendations for preparation of successful project funding.

The Conference discussed on how to proceed with development of the list of priority projects aimed at implementation of the Baltic Sea Action Plan and found the following matters important for this process:

- Selection of most environmentally cost efficient investments requires application of a transparent, logical and sustainable approach in the decision-making process. It could be based on Cost-Effectiveness Analysis (CEA) of proposed investments, given that this methodology is applicable both ex-ante (for assessment of least-costly options of policy implementation) and ex-post (for evaluation of investments efficiency with regards to policy achievements) and allows to find best alternative activity, process, or intervention that minimises use of resources to achieve the desired result.
- To assure environmental effectiveness of investments and that most polluting spots are remedied first, as the smaller the environmental impact the higher the cost per unit reduced, it could be suggested to use Unit Abatement Cost (UAC) as a basis for setting threshold for selection of most urgent projects to be implemented ($UAC \leq \text{€}150,000/\text{t}$ reduced as proposed by NEFCO regarding phosphorus removal projects).

- In order to develop Baltic-wide List of priority projects, Contracting Parties shall at least presume submission of national lists of pre-selected priority projects, being assessed in accordance with commonly agreed methodology, which could be based upon CEA and UAC-threshold, and containing enough background information on the proposed projects. A set of necessary project data shall be compiled and distributed to the Contracting Parties in order to obtain information which is expected by donors to provide judgment on project feasibility and relevance to BSAP's implementation.
- These aspects, as well as formulation of a project portfolio to be submitted for further detailed consideration by donors and/or creation of a BSAP Implementation Fund shall be addressed by the *BSAP Implementation Group*.

The following issues shall be also taken into account for project prioritization process:

- need of broader recognition of the BSAP as major regional environmental priority by relevant national authorities, e.g. ministries of finance, etc.
- sub-region/sub-catchment specific areas of concern (e.g. poultry manure in the Gulf of Finland), to be developed on the basis of existing knowledge
- addressing “low-hanging fruits” first (e.g. large MWWTPs),
- time-constraint (no time to wait for national plans to be adopted in 2010),
- tailoring of proposed projects in order to meet demands of potential donors as regards their loan requirements (e.g. in terms of size of loan, financial performance, etc.) and provide affordable financial package for clients
- need of not only infrastructure, but also project development funds available (e.g. for pre-feasibility and feasibility studies) – pool of resources for this purpose should be decided upon
- need to combine local, national and international financing to secure successful project implementation
- political commitment to support and prioritize projects, which are contributing to BSAP implementation is crucial, particularly for those – located in municipalities or distantly located from capitals (e.g. in Russia and Eastern Baltic countries)
- commitment and strong support from local partners – owners of a project is important
- promotion of commonly accepted best practices (e.g. BAT, BEP, GAEC) would be of benefit as it fulfils the criteria of most donors

The Conference was of the opinion that the following concrete steps shall be considered for successful implementation of the BSAP with regards to priority projects:

1. Development of the HELCOM List of Municipal Waste Water Treatment Plants (≥ 2000 PE)
 - As the first step – all MWWTPs discharging directly into the sea;
 - MWWTPs located within 50km coastal strip;
 - All other MWWTPs within watershed of the Baltic Sea under jurisdiction of HELCOM Contracting Parties;
 - In order to cope with transboundary pollution - remaining MWWTPs within watershed of the Baltic Sea shall be also listed

Such List shall contain information on size, treatment technology, performance parameters and potential for improvements (e.g. N + P removal).

2. Development of the new List of Agricultural Hot Spots, to be based on requirements of the revised Annex III to the Convention and HELCOM Criteria for inclusion/deletion of Hot Spots (to be revised)
 - Large industrial installations for intensive rearing of cattle, poultry and pigs could be addressed first
 - Smaller-scale farms as well as agricultural projects promoting Good Agricultural Practices and/or BAT for nutrient reductions could be addressed simultaneously with agro-environmental NGO to lead this work
 - Financing of training and education in agricultural sector should be considered as one of the priorities
3. Monitoring/modelling projects, which enhance knowledge on nutrient pollution load and are coordinated with HELCOM Monitoring and assessment activities shall be considered as one of the priorities for external funding
4. Other than agriculture diffuse sources of nutrient loads (e.g. forestry, fish-farming, etc.) shall be addressed in HELCOM work.
5. Initiation of broader discussion on economic instruments to stimulate investments in nutrient reduction measures (e.g. Nutrient Reduction Trading Scheme) to be applied within HELCOM
6. Actions shall be initiated urgently and cannot be postponed until national priority projects are ready and therefore arrangement of the Pledging Conference in 2008 shall be re-considered the Contracting Parties.