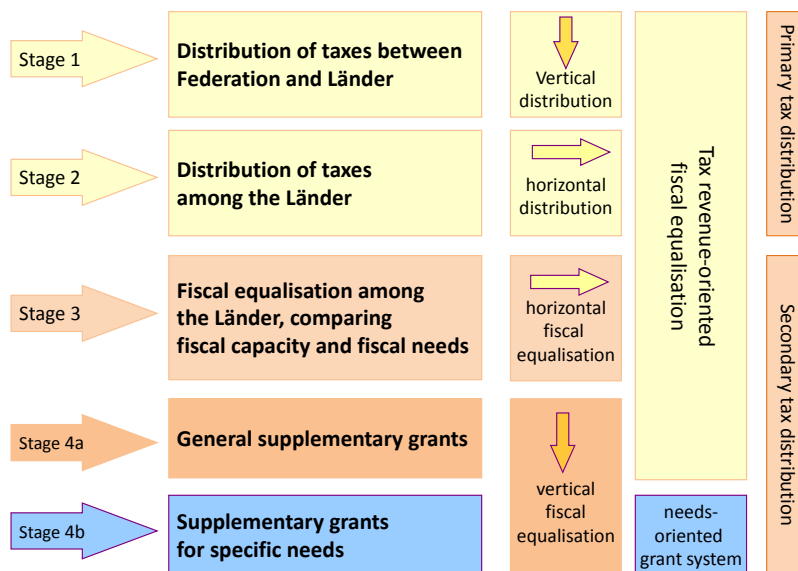


### Keywords

Germany, UFZ, WP6, The role of ecological fiscal transfers, legal analysis, institutional fit, constitutional law

### Main research question

Due to German Constitution the protection of nature, landscape and water bodies is a compulsory task of the German Länder. The Länder require an appropriate fiscal distribution of public revenues in order to fulfil their duties. This paper discuss' different options to ensure appropriate consideration of fiscal demands from nature conservation activities within the German fiscal transfer system from federal to state level.



### Research finding in brief

Both the vertical and horizontal tax distribution at the primary level (stages 1 and 2 of Figure 1) are only of limited suitability for the integration of ecological indicators into the fiscal equalisation mechanism. While Articles 106 III and 107 I German Constitution grant the legislator scope for decision-making regarding the vertical distribution of the value-added tax between federal level and Länder (stage 1), its primary target is to ensure that all Länder get the funds necessary to fulfil their public functions. However, environmental and nature conservation issues cannot be considered without an amendment of the German Constitution, making them less feasible for implementation. A more promising avenue might be to integrate ecological indicators at the horizontal equalisation among the Länder on the third level (Article 107 II 1 German Constitution) or at the fourth level of the fiscal equalisation (Art. 107 II 3 German Constitution), which regulates that the Federation provides grants to financially weak Länder from his own funds to assist them in meeting their general fiscal needs (supplementary federal grants).

### Policymix approach

Fiscal transfers – a main source of income to German Länder – could become a crucial building block of a nature conservation policy mix in Germany. By acknowledging expenditures for nature conservation as eligible for fiscal transfers, public resistance against increased conservation and an expanded protected area network could be reduced and new sources of funding for private conservation actions exploited.

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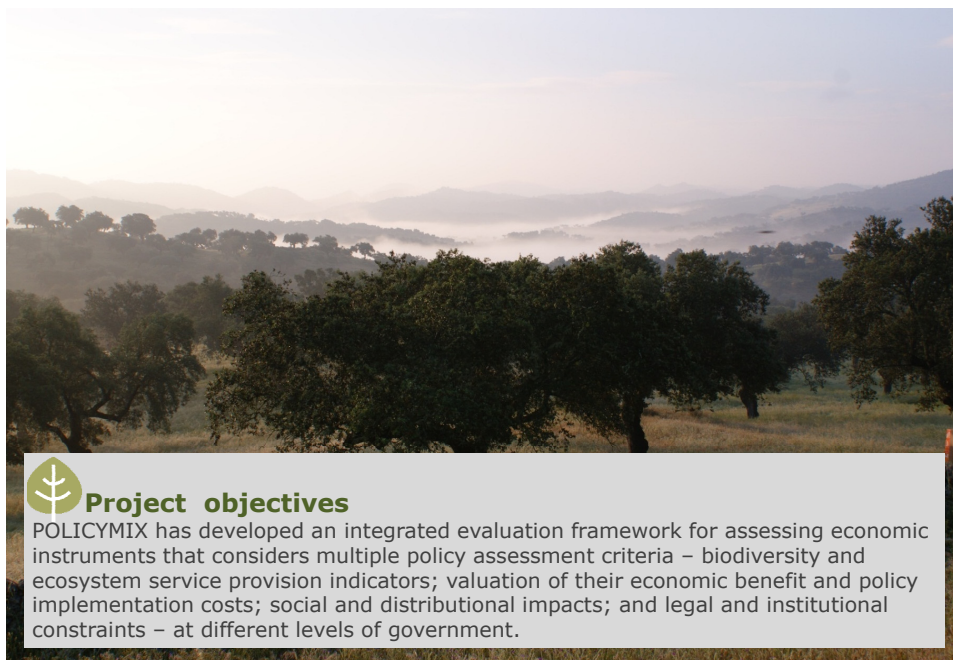
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## ASSESSING THE ROLE OF ECONOMIC INSTRUMENTS IN POLICYMIXES FOR BIODIVERSITY CONSERVATION AND ECOSYSTEM SERVICES PROVISION



### Project objectives

POLICYMIX has developed an integrated evaluation framework for assessing economic instruments that considers multiple policy assessment criteria – biodiversity and ecosystem service provision indicators; valuation of their economic benefit and policy implementation costs; social and distributional impacts; and legal and institutional constraints – at different levels of government.



### Methodology

POLICYMIX focuses on the role of economic instruments for biodiversity conservation and ecosystem services provided by forest ecosystems. The cost-effectiveness and benefits of a range of economic versus regulatory instruments are being evaluated in selected POLICYMIX case studies in Norway, Finland, Germany, Portugal, Brazil and Costa Rica. Comparative analysis evaluates the possibilities for transfer of policy success stories between Europe and Latin America, and promoting learning from policy failures.



### Training and dissemination

POLICYMIX actively used advisory boards including land users, local managers and national policy-makers, who collaborated with our researchers in the feasibility assessments of economic instruments. A web-based [POLICYMIX TOOL](#) encompassing policy impact assessment guidelines, case stories and demonstrations of policy assessment methods is aimed at supporting dissemination and learning.



### Results

POLICYMIX research discusses improvements in the design, targeting and implementation of economic instruments for biodiversity conservation through better understanding of (i) the linkages and complementarities between impact assessment tools, (ii) complementarities between different policy instruments in a policy mix, and (iii) trade-offs in design of a policy mix between economic, environmental and social impact criteria.

### EC Contribution:

3 458 312 €

### Duration:

2010-2014

### Consortium:

9 partners from 8 countries

### Project Coordinator:

Norwegian Institute for Nature Research (NINA) (Norway)

### Project Web Site:

<http://policymix.nina.no>

### Key Words:

Biodiversity, ecosystem services, policy mix, social ecological systems, economic instruments, payments for environmental services, ecological fiscal transfers

### Partners:

- Norwegian Institute for Nature Research (NINA), Norway
- Helmholtz Centre for Environmental Research (UFZ), Germany
- Foundation of the Faculty of Sciences and Technology, New University of Lisbon (FFCT-UNL CENSE), Portugal
- Institute for Environmental Studies, Vrije Universiteit Amsterdam (IVM), Netherlands
- International Institute for Environment and Development (IIED), UK
- Finnish Environment Institute (SYKE), Finland
- Rede de Desenvolvimento, Ensino e Sociedade (REDES), Brazil
- Fundação de Apoio a Pesquisa Agrícola (FUNDAG), Brazil
- Tropical Agricultural Research and Higher Education Center (CATIE), Costa Rica

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