

Challenges and enablers to financing Nature-based Solutions in Europe

Raising knowledge and awareness about alternative financing and business models for large-scale implementation of Nature-based Solutions (NBS) in European cities has been one of the major impacts of Horizon 2020 project Connecting Nature. The cities of Genk (BE), Glasgow (UK) and Poznan (PL) are applying this knowledge to instigate long-term systemic change within their own public administration bodies and organisations. Drawing lessons from this process, this policy brief presents how the three cities are securing financing to support NBS implementation, the main challenges and enablers to financing NBS at the city-level that are relevant to policy-makers, and the findings of Connecting Nature's three-year study on NBS finance mechanisms and funds.

Securing financing to support NBS large-scale implementation in the Connecting Nature Front-Runner cities



Genk

Genk (Belgium) is developing a multifunctional blue-green urban valley – the Stiemerbeek Valley, a neglected corridor of 8 km running through the city. The city council have approved a budget of €13.8m for four NBS pilot projects as part of the next 5-year budget planning process subject to €6.5-7m co-financing being secured from other sources.

The city of **Glasgow** (Scotland) is exploring two potential routes for system-wide financing of NBS: applying for financing from the £1.13 billion Glasgow Region City Deal and including NBS as an eligible use of the Glasgow City Council multi-million pound developer contribution fund within the context of the city's Open Space Strategy.



Glasgow



Poznan

Poznan (Poland) aims to develop and out-scale small-scale NBS – such as natural playgrounds and open gardens in kindergartens – in different parts of the city and in this way create a rich green network. They are also beginning to engage with the private sector regarding future joint development of NBS and to proactively stimulate nature-based entrepreneurship.

Main challenges and enablers

Connecting Nature's 18 months of reflexive monitoring with the project's Front-Runner cities analysed the status of submission of financing applications, development of financial partnerships, establishment of financing platforms and other actions underway or planned to facilitate accelerated NBS delivery. As a result, the challenges and enablers to financing NBS presented below were identified:

Challenges

	Glasgow	Genk	Poznan
High dependency on public sector and/or EU financing of NBS/NBS pilots	X	X	
Higher focus (and financing) for other societal challenges perceived to be more urgent (e.g. childhood poverty) or lack of alignment with dominant political focus	X	X	
Fragmentation of knowledge within local government departments or lack of joined up planning	X		X
Low level of knowledge and interest in co-financing and co-ownership of NBS across other public departments and at political level	X	X	
Limited experience of collaborative governance of NBS and/or lack of knowledge, experience and instruments to support alternative funding mechanisms with non-public sector actors	X	X	X
The nature of some types of NBS exemplars (e.g. open gardens/nature-oriented playgrounds in primarily public locations) limits the potential for innovation in financing		X	
Internal resource constraints		X	
Lack of political champions for NBS		X	X
Output-oriented performance management and organisational culture		X	X

Enablers

	Glasgow	Genk	Poznan
Strong political support from Mayoral and City Council level for NBS and for experimenting with financing and governance approaches	X		
Short lines of communication facilitating rapid decision-making between NBS department and political decision-makers	X		
Previous knowledge and record of accomplishment in securing EU financing which helps to leverage other sources of financing and might facilitate demonstration of NBS benefits		X	
Commitment and creativity of projects in circumventing bureaucratic administrative environments and negotiating a hybrid financing model for nature-based interventions		X	
Potential interest of private sector in supporting NBS		X	
Political change and increased momentum for climate action			X
Projects and initiatives facilitating good connections across different departments and the development of a cross-departmental governance structure	X		X
Openness to experimenting new approaches and to internal and external collaboration, leading to new strategic relationships			X
High profile events play a catalyst role (e.g. COP26 in Glasgow)			X

Findings and recommendations

The main findings of Connecting Nature's comprehensive three-year study of the financing of NBS in three European cities are as follows:

- The public sector remains an important source of financing for large-scale deployment of NBS at the city, regional, national and European levels. More emphasis needs to be placed on the development of long-term sustainable business models based on co-governance and co-financing
- Public sector financing (concessional financing) can often be used to leverage other sources of private or third sector financing
- The lack of knowledge, culture and experience of collaboration between public sector organisations and non-public sector organisations is a major roadblock to hybrid or blended financing of NBS which needs to be addressed
- NBS remains a relatively new and complex concept for many cities so public financing to demonstrate proof of concept remains important.
- Effective indicators to measure impact have long been required by cities to secure public financing but, in practice, there is a significant lack of expertise and resources available to capture such data for NBS. An indicator set has been developed by Connecting Nature in collaboration with other H2020 projects in order to address this gap.
- High-level political and public administration support is a key success factor in ensuring long-term sustainable financing for nature-based solutions.
- Responsibility for nature-based solutions is best placed in city council departments with a clearly defined horizontal remit ideally reporting directly into the Mayor or public administration lead.
- Top down alignment of NBS with city vision and strategies is critically important to secure political and administrative support.
- Bottom up alignment of NBS with citizen needs and wider stakeholder engagement are also crucial but remain a challenge in practice in many cities.

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