ClimAct2Adapt conference

Acting together for climate resilience

Municipal responses and investment innovations in nature-based solutions

Promoting nature-based solutions via smart combination of funding instruments

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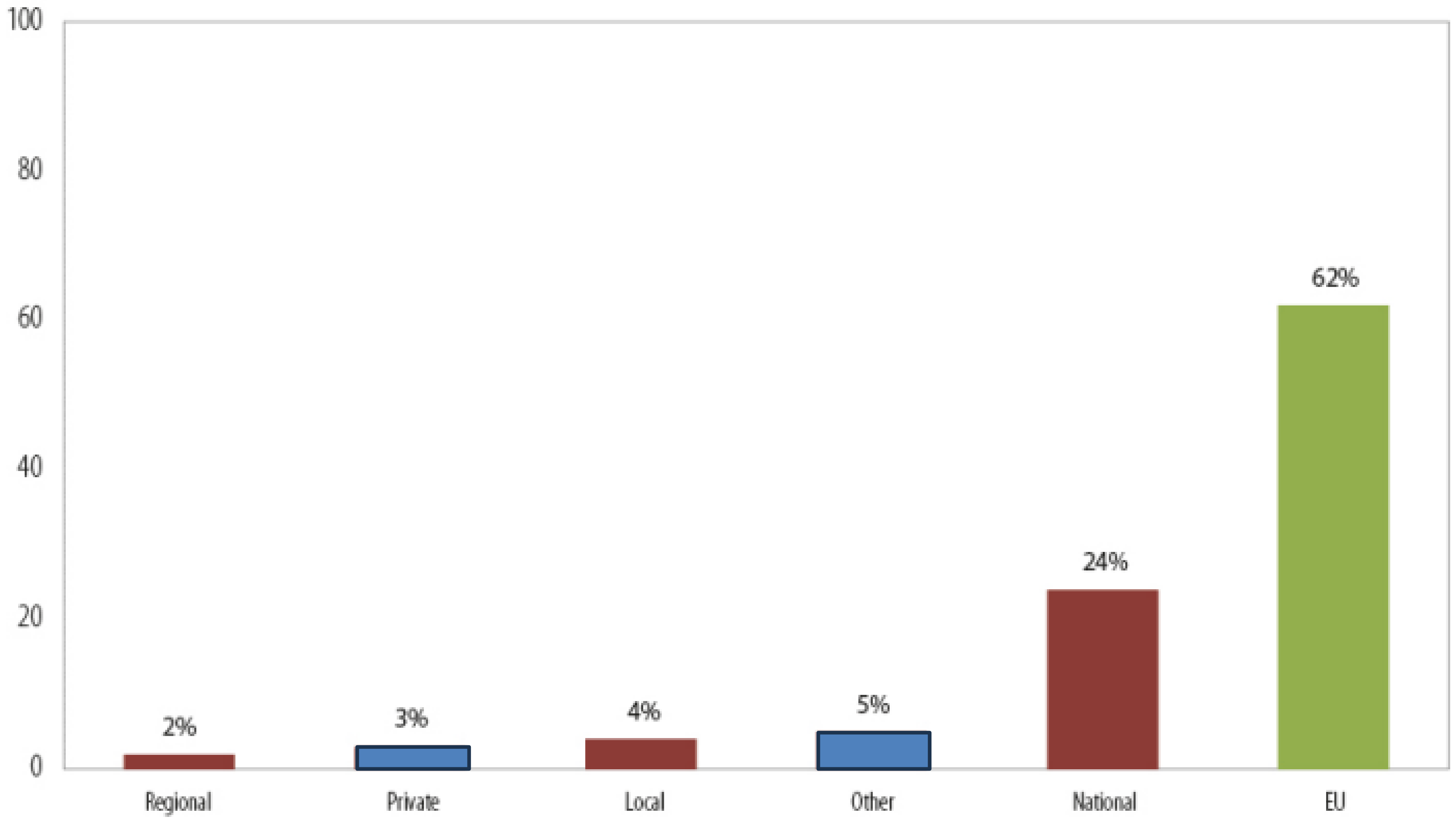
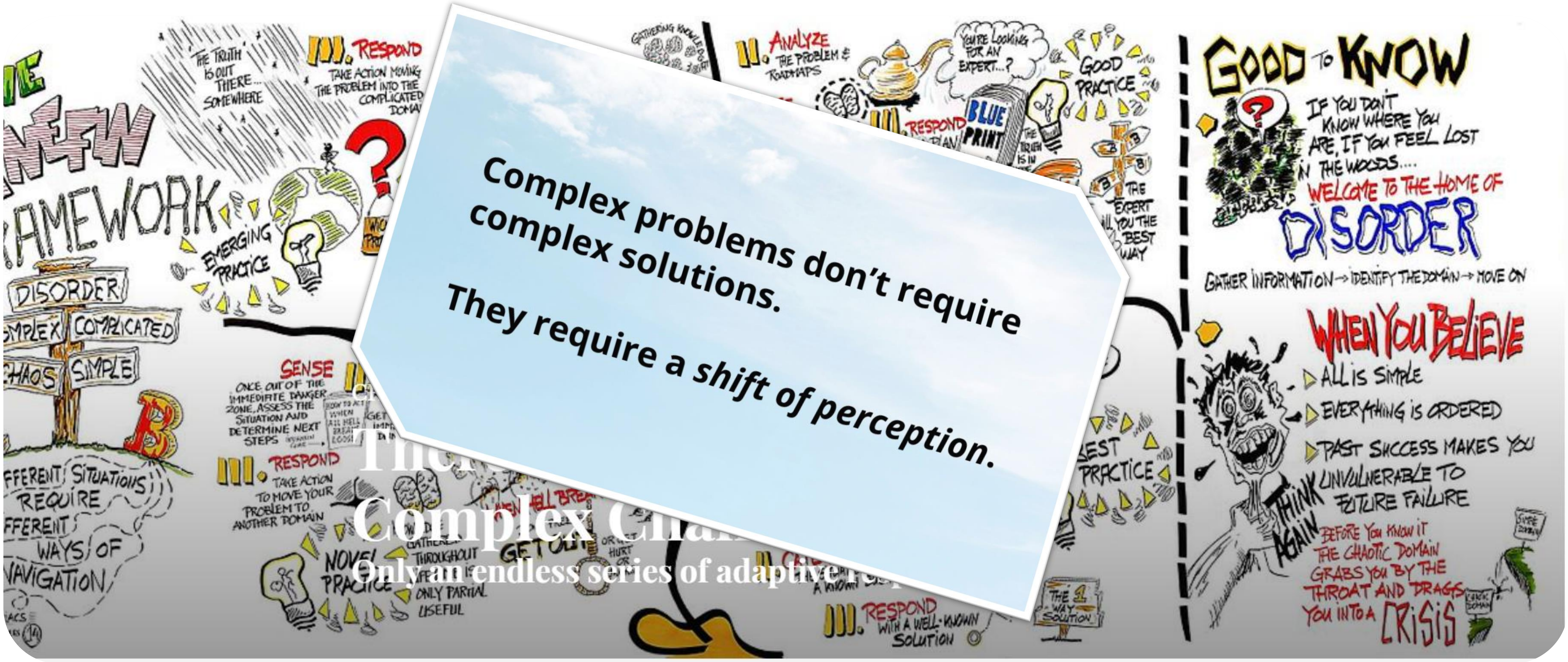
Main investors of nature-based solutions (2000-2022)



Note: Only 16% of the 764 projects disclosed information on their predominant investor (defined as providing over 50% of total project costs).

But why EU funding plays such a dominant role?



Complex problems don't require complex solutions.

They require a shift of perception.

Legislation

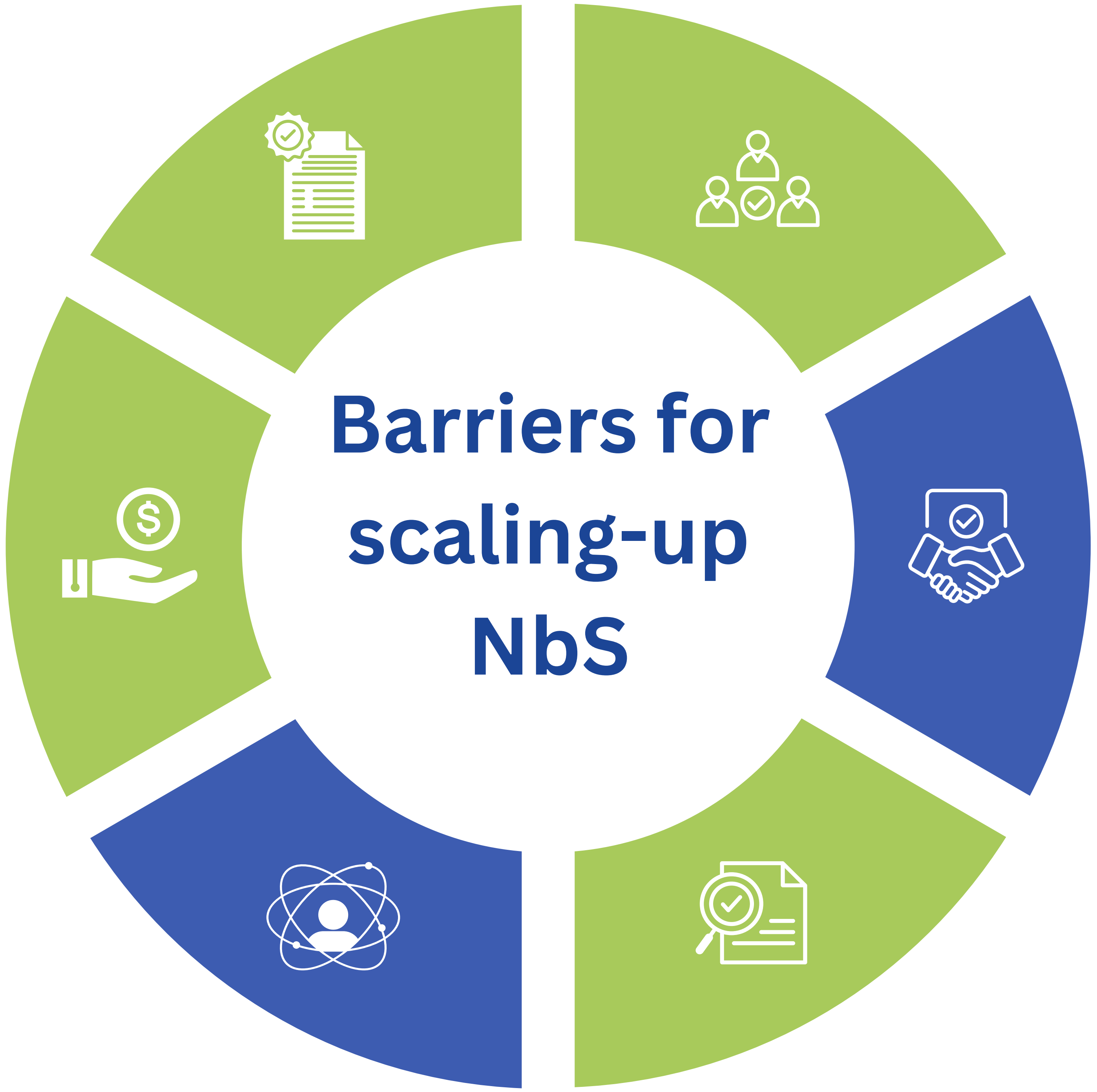
- legislative barriers,
- missing or differing regulations,
- problem of getting permissions, approvals

Low awareness

- lack of technical knowledge or protocols synthetising the diverse knowledge
- presence of grey solutions, path-dependency
- lack of awareness of policy makers, stakeholders, the general public

Limited resources

- Municipalities have limited resources, making the appropriate allocation of expenditures very challenging.



Multi- actor cooperation

- addressing trade- offs is challenging
- missing co- working commitment or experience

Multi- sectoral cooperation

- lack of interdisciplinary skilled staff
- missing sectoral cooperation, silo thinking

Data

- lack of baseline, of reliable data and evidence to support the case,
- problematic comparison
- strong presence of quantitative benefits over qualitative ones

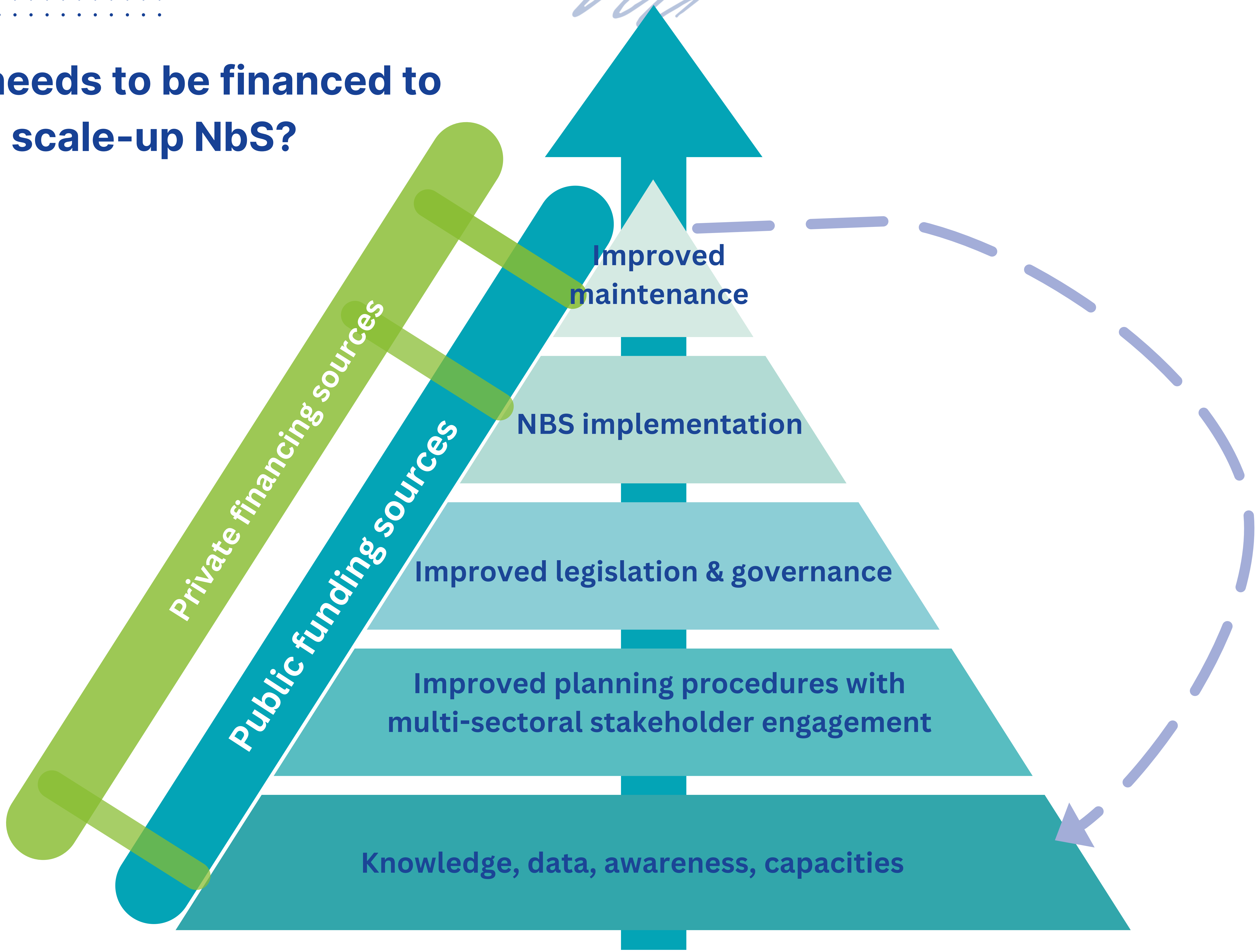
Lack of knowledge

- regarding innovative private and blended financial solutions

Long-to-see results

Many of the co-benefits only arise in the long term, whereas compared to such time- length, funding schemes are typically short-term.

What needs to be financed to scale-up NbS?



Smart Financial Engineering in practice - Budapest 12th district's example

Interreg Central Europe - Urban Green Belts

- Establishing the Municipality's Green Office
- Residential programme to preserve and promote urban green infrastructure
- Hegyvidék Sapling and Young Tree Program

URBACT - BeePathNet

- Earning the title of "Bee-friendly District"
- Creating a Pollinator Pathway
- Developing diverse education & awareness raising programmes

LIFE - Life in RUNOFF

- Surface runoff models and vulnerability assessments
- Pilot interventions - small scale nature-based water retention measures
- Collaboration across scales & sectors
- Subgrants for residential rain-water harvesting

Smart Financial Engineering - Step 1:
start with EU funded projects to build capacities & experiment

URBACT or Interreg Europe (Interreg C)
to learn, develop capacities, create a local vision and policy-mix for NbS uptake with wide-scale stakeholder engagement

Interreg A & B programmes
to collect data, prepare plans, elaborate tools, exchange know-how and do smaller-scale interventions

LIFE or European Urban Initative
to prepare and implement larger scale, impactful, innovative interventions (soft or hard) with a multi-disciplinary, multi-stakeholder local consortium

BiodiverCity - Community-based approaches to foster urban biodiversity (URBACT): Local Groups work out **community-based approaches to valorise, measure and account biodiversity and related ecosystem services.** The BiodiverCity partners support and enable communities to plan powerful nature-based solutions, foster pro-environmental citizen behaviours and draft Urban Greening Plans, contributing to the achievement of the EU Biodiversity Strategy as well.

CONE- Cities of nature: nature-based-solutions in urban living labs (Interreg Central Europe): The CONE project helps city authorities to work better together with citizens to make cities greener. The partners design and test **new participatory and digitally-driven processes that support the application of nature-based solutions in five urban pilot areas**. Learnings from these urban living labs are then evaluated and inform a new transnational strategy for the introduction of urban greening plans.

Cooling Urban Life - Governance Model Incentivising Behavioural Change to Mitigate Urban Heat Islands (LIFE): A heat island mitigation strategy for the city of Szeged will be prepared and incorporated into municipal governance and the daily operation of city services. It will also create a **heat island mitigation incentive mechanism to involve residents, local businesses and communities**. The project plans to **demonstrate five effective heat island mitigation interventions**.

Smart Financial Engineering - Step 2:

take the learnings and channel in more diverse financing sources

Municipal budget
to support citizens', public & private landowners' urban greening actions, e.g. depaving, rainwater-harvesting, composting, etc.

Promoting Corporate Social Responsibility
to incentivize companies to invest in the preservation and promotion of local natural capital and ecosystem services

Crowdfunding
to collect donations from citizens, companies, civil society organisations etc. for community-supported interventions

Green funding schemes of the municipality of Budapest (HU): Budapest manages diverse grant schemes, offering regular funding opportunities for local citizens and organisations, e.g. an Environmental Fund to support environmental projects of civil society organisations and schools, grant scheme for kindergartens, as well as calls for green space management, re-greening inner yards and installing green walls.

ForestaMI (Milan, IT): is a scheme approved in November 2019 aiming to plant 3 million new trees by 2030 in the Metropolitan area of Milan, to grow natural capital, clean the air, improve the life of the greater Milan and counteract the effects of climate change. The scheme is implemented with the cooperation of enterprises, associations, citizens and institutions. Source: https://forestami.org/en/dona

Crowdfunding for Urban Greening (Ghent, BE): The city launched a crowdfunding platform in 2015 to stimulate bottom-up projects with a societal benefit, including urban greening initiatives (e.g. urban farming an edible streets). A dedicated website can be used by citizens to initiate and share their ideas and generate funding. Through this approach, citizens are heavily involved with the identification of innovative and sustainable initiatives in their city and able to contribute to their realization. Source: https://interlace-hub.com/crowdfunding-urban-greening-ghent

Smart Financial Engineering - Step 3:
scale-up with large-scale investments

National funds or nationally / regionally managed EU funds
to finance planning, infrastructure & works related to large-scale, complex NbS projects.

Green bonds
to raise funds for local environmental projects meeting specific standards

Credits and loans from local or multilateral development banks
to implement NbS projects with monetisable value

Semi-natural riverside creation for Isar river (DE): Isar River had been regulated at the end of the 19th century by forcing the river into a canal-type bed with embankments. Since 1995, an interdisciplinary working group including members of Munich city council and the local water authority have been developing a concept for restoring the Isar course to its natural state. "The "Isar-Plan" is a joint project managed by the State of Bavaria and the City of Munich. Source: https://una.city/nbs/munich/semi-natural-riverside-creation-isar-river

City of Paris Sustainability Bond Framework: The Framework outlines how the city of Paris finances projects that promote environmental and social sustainability. Through this framework, the city issues bonds to fund initiatives such as climate change mitigation, renewable energy, sustainable water management, biodiversity conservation. It aligns with international standards, ensuring transparency and accountability through regular reporting and impact assessments.

Athens Resilient City and Natural Capital: EIB's Natural Capital Finance Facility provides loans for Green and Blue infrastructure projects (e.g. parks, greening public spaces, green corridors, roofs) and other measures improving the functioning of urban ecosystems. In addition, to improving resilience to the impact of climate change these projects are expected to deliver air quality benefits, positive impacts on biodiversity, positive economic impacts on neighborhoods and real estate in the vicinity.

Smart Financial Engineering

The key pillars

1. Having a **clear vision** and a firm but flexible **development trajectory** for the area
2. Sophisticated understanding and structuring of all **funding opportunities** available
3. Combining and optimizing these opportunities via exploiting the **synergies and multiplier effects** between them, this way creating leverage effect and increase the scale and impact of the intervention(s)
4. Not afraid of using **innovative forms of financing** to address certain needs and to attract diverse range of investor bases.
5. Managing risks with the diversification and combination of funding sources, and by creating **contingency scenarios** and plans
6. Creating a **supportive regulatory environment** to enhance this process (local/regional strategies and policies in the topic, local taxes or tax returns)

How we can support smart financial engineering?

Group of experts specilised in sustainable urban & regional development

- Insights into EU policy and innovation landscape
- EU-wide professional network

Coordinator of the NetworkNature NbS Hub in Hungary, called „TeAM HUb"

- Managing a community of NbS professionals from 40+ organistaions
- Knowledge sharing and awareness raising via online platforms

Facilitator and partner of European Cooperation projects

BURST

TeAM HUb

Thank you for your attention!

Any questions or comments?

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