Mobilising Diverse Funding for Nature Restoration in Europe

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This briefing presents three EU-wide actions to unlock diversified funding for nature restoration: build skills, mobilise resources responsibly, and reinforce governance to drive collaboration and funding at scale.

1. Introduction

Europe's new Nature Restoration Regulation[1] marks a turning point in efforts to restore degraded ecosystems. Achieving its goals will require not only ambitious plans but also diversified and reliable sources of funding. Relying solely on public budgets will not be sufficient to meet restoration needs at the required scale. Public and private investment must work hand in hand, with public funds to create the enabling conditions, and private finance to provide scale, and long-term commitment.

This policy brief offers recommendations for EU and national policymakers to enable diversified funding for nature restoration. It draws on lessons from four Horizon 2020 projects – MERLIN, REST-COAST, SUPERB, and WaterLANDS – that together worked across Europe to test how restoration projects can attract broader support and financing[2]. The brief identifies three key priorities:

- Strengthen the capacity of restoration teams to access diverse funding sources.
- Create enabling conditions for responsible and inclusive mobilisation of public and private finance.
- Improve enforcement of existing policies to unlock new funding streams.

[1] 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.

[2] In this brief, the term ‚funding' refers to how restoration projects are ultimately paid, and ‚finance' to the provision of up-front resources for implementation, usually requiring a financial return

2. Key messages

2.1 Strengthen the Capacity of Restoration Teams

Diversifying funding requires restoration teams to understand and engage a broader range of funders – from public authorities and foundations to private investors. These actors have different expectations, risk appetites, and criteria for support. However, restoration managers often come from backgrounds rooted in ecology, civil engineering or public administration, and are primarily trained to prioritise and deliver outcomes for nature. Restoration managers therefore need new skills that go beyond ecology or engineering: **financial literacy, strategic stakeholder engagement, communication skills, and entrepreneurial thinking**.

Upskilling should include a shift in how to present restoration projects in economic and social terms – for example, by putting more emphasis on how they generate benefits and opportunities for local communities and businesses, or how they reduce climate risks and hazards to critical infrastructure and build areas. **To embed restoration in this thinking, guidance on nature restoration, climate adaptation and disaster risk reduction can put particular emphasis on approaching restoration from a Nature-based Solutions (NbS) perspective**. An NbS perspective reframes initiatives around their full suite of social, economic, and ecological benefits, rather than solely their biodiversity outcomes.

Understanding how to express environmental and social benefits in measurable ways can make projects more attractive to funders. **Training for restoration managers should thus cover how to better quantify ecosystem services delivered by restoration projects**. Furthermore, restoration teams must strengthen their capacity to engage with foundations, companies and investors. This includes becoming familiar with the expectations and requirements of potential funders and financiers, including their preferences regarding project outputs, size, return timelines and attitudes to financial risks, as well as how to quantify returns and manage risks. Training is needed to prepare basic economic assessments and financial documents, such as cost-benefit analyses, natural capital accounting, cash flow projections and financial risk assessments to increase confidence in the financial soundness in investments associated with the restoration project. This will enable them to better design attractive restoration projects and formulate effective communication about them.

EU and Member States can set up dedicated support programmes. For example, investment readiness programmes have been established by national environmental policy actors in the UK, providing restoration teams with the financial knowledge and skills to explore new funding opportunities[3]. In addition, EU-level actions should continue to support the consolidation and demonstration of methodologies and approaches for large scale restoration that can act as 'lighthouses', while Member States should work to embed NbS within spatial planning and permitting processes to reduce regulatory risks and uncertainties.

2.2. Create Enabling Conditions for Responsible Investment at Scale

As funding and financing sources widen, clear and fair rules are needed for how investment is mobilised and used, and, ultimately, how restoration benefits are shared. **Policymakers can play a central role by setting up governance models and standards that encourage collaboration and joint investments at scales that ensure true environmental, social and economic impact**. Diverse governance models exist for restoration projects, from formalised partnerships such as Landscape Enterprise Networks (LENs) now implemented in several European countries, to devolved models where new legal entities – such as Special Purpose Vehicles take responsibility under the joint governance of authorities, investors and stakeholders.

Benefits and costs of restoration are unevenly distributed across stakeholders. Much focus must therefore be on ensuring equitable and differentiated outcomes whereby that those who bear costs are compensated or supported, and each stakeholder contributes and benefits to their fair share. **Trusted intermediaries that can act as an independent facilitator for collaboration may be necessary to align interests and enable cross-sector investment**.

Diversifying funding and financing across public and private sources requires giving attention to the best ways in which they can be combined or "blended" in order to leverage the comparative advantages of each sector. In particular, public-private partnerships can offer risk-sharing benefits: public or philanthropic funds can provide stability and guarantees that lower perceived

[3] Ecosystems Knowledge Network. (n.d.). Natural Environment Investment Readiness Fund (NEIRF). Retrieved August 7, 2025, from https://ecosystemsknowledge.net/neirf/

risk for private investors, while private finance can provide scale by bringing additional resources. Examples like the Dutch NL2120 programme illustrate how public-private partnerships can generate long-term investment in nature-based solutions.

A series of supportive actions could include:

- **Launching EU and national-level restoration funds** that explicitly channel public sector resources to attract private capital in a blended funding approach.
- **Supporting the development of endowment funds, dedicated trust mechanisms or Special Purpose Vehicles (SPVs)** by restoration actors to better pool public-private resources, and manage long-term revenues.
- **Setting standards and creating safeguards** for emerging ecosystem service markets (e.g. water, carbon, biodiversity), ensuring verification, accountability, and inclusion
- **Creating the conditions to drive demand** by establishing and regulating markets for ecosystem services and subsidising early entrants

To ensure responsibility and transparency, new initiatives should align with EU sustainability frameworks such as the Corporate Sustainability Reporting Directive and the EU Taxonomy.

2.3. Enforce Existing Policies to Unlock Capital

Beyond designing new instruments and mechanisms to capture restoration benefits, **there is a strong potential to unlock more funding for ecosystem restoration by better enforcing existing laws and national policies**. A large share of potential restoration funding already exists within current EU and national frameworks but remains untapped due to weak implementation. Strengthening enforcement of existing laws can unlock substantial resources.

For example, full application of the cost-recovery principle in the Water Framework Directive could generate new revenue streams for ecosystem restoration. Similarly, perverse incentives acting against restoration from existing policies, such as agricultural subsidies under the Common Agricultural Policy, could be redirected to support more actively restoration efforts (e.g. through agri-environmental payments, training, cooperative approaches) and provide the co-funding needed to enable private investments.

3. Summary

Europe's restoration ambitions depend on building a broad coalition of funders and practitioners. Policymakers can catalyse this process by:

- **Providing training and advisory support to restoration teams** to help them navigate funding landscapes, and design and present projects that attract diverse funding.
- **Creating enabling conditions for the responsible mobilisation of both public and private resources**, including standards and partnership models high quality restoration outcomes to strengthen accountability.
- **Strengthening enforcement of existing policy instruments and national policies** to unlock funding and revenue streams, and incentivise sustainable land and water use practices.
- **Creating the conditions to drive demand** by establishing and regulating markets for ecosystem services and subsidising early entrants

By implementing these measures, the EU and its Member States can mobilise sustainable finance for restoration, creating benefits for nature, communities, and the wider economy.

4. Further Reading

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