EUROPARC SIGGEN SEMINAR 2023 Report

Parks unlocked;

Innovative Financing to Transform Parks across Europe.

20 to 22 March Gut Siggen, Germany







During this year's Siggen Seminar, we had a deep dive into models that attract private finance to unlock and drive nature restoration at scale. In particular, looking at the role Parks can play in building the market for investing in Europe's natural capital.

Parks unlocked; Innovative Financing to Transform Parks across Europe.

Every year Alfred Toepfer Stiftung generously hosts EUROPARC members, in their excellent centre in Gut Siggen, North Germany. Here, we enjoy an intense and practically orientated seminar, examining and sharing expertise in a given aspect of Protected Areas' work. You can find previous Siggen Seminars here. In 2023, we took a deep dive into models that attract private finance to unlock and drive nature restoration at scale. In particular, looking at the role Parks can play in building the market for investing in Europe's natural capital.



Goal

With this seminar, we wanted to explore live opportunities to mobilise large-scale private sector investment for landscape level nature restoration across European Protected Areas. Thanks to the great support and expertise of the <u>Palladium</u> team, taking inspiration from global experts at the forefront of global natural capital markets, we worked to develop joint actions and initiatives to support Protected Areas' access to innovative financing for nature restoration and conservation.

Participants

12 delegates from 10 different countries across Europe attended the seminar.

They represented Protected Areas, Regional authorities and international

organisations, and actively contributed to make the seminar successful, sharing their expertise and contributing to identify needs, opportunities, priorities and challenges from Protected Areas and managing perspective.



Assumptions

There is a gap in funding, not all will be covered by the public sector: so how can we generate new funds for conservation in our Protected Areas? The current situation is as follows:

- There is not enough funding available in Protected Areas to hit the targets for restoration.
- On the other side, existing private capital is available for investment in nature, but lacks ways to do so. The private sector needs to invest capital following green strategies, but there is not much to invest in. Investors understand the climate crisis and want to move fast.
- Private financing needs a return: resources need to be used also to provide a return on the capital invested.

The Billion EURO Challenge

How would we invest 1 Billion Euro in Protected Areas and EUROPARC over the coming years to deliver large scale-environmental impact and restore nature across Europe, in a way that generates a return on the investment?



"Our natural infrastructure needs significant investment to address the climate crisis.

But currently, a chasm of incomprehension and scale exists between the financiers and conservationists."

James Stuart, board member of the Lake District National Park.

So, how can we bridge the gap between conservation sector and finance? To inform the discussion, and try to elaborate answers to this challenge, two inspiring case studies were presented, showing existing processes of green investments.

Portugal North Region

Alexandra Duborjal Cabral, Head of Territorial Planning Department at the Coordination Commission for the Development of Portugal North Region and Rui Pedro de Almeida Ribeiro, Director of Ecosystem Services and Carbon Markets at Ceiia. They jointly presented the approach from Portugal North Region on water, biodiversity and carbon management. In particular, they introduced an ongoing pilot project for carbon stock protection and the improvement of carbon sequestration, with a focus on regenerative agriculture and the use of biochar.

You can access the presentation here.

National Parks Partnership

Naomi Conway, Director of <u>Revere</u> - the 15 UK National Parks Partnership - a business oriented facilitator, funded by the 15 UK National Parks. Revere works to leverage private funding for nature conservation, identifying strategic partnership opportunities for financing. Some practical recommendations and learnings from Naomi's presentation:

- It is near impossible to consider everything at the start of a project. As such, it is key to adapt to new developments and continuously review your plan.
- Establish clear rules of engagement based on the ethics and principles of your organisation. Led this guide you on with whom you want to work.
- Be ready to move fast, it is a quickly developing market, so work with those ready to get engaged, others will join later.
- Have a positive attitude to solve problems and be open to change.
- Create an investment platform to secure capital.
- Aggregate small projects to reach the scale needed and deliver the restoration.

Building Blocks

Guided by **Emma Davies**, **Andrew Sutherland** and **Ross Powell**, from the <u>Palladium</u> team, we considered the building blocks to unlock innovative financing for nature:

- Clearly supportive policy and legislation are crucial to facilitate processes at national and international level. Ambitious targets for climate change adaptation and mitigation and a policy framework to restore nature at scale are needed.
- Financial needs have to be assessed and quantified to set a path to net-zero and create opportunities for investments to be deployed.
- Adequate tools and frameworks are crucial: rules and guidelines to govern
 the integrity of the carbon market have to be set, to provide guarantees for
 the investors.

- Connect thinking and action: drivers (supportive policy frameworks) and constraints (skills, lack of large-scale projects, lack of appropriate capital, lack of project pipeline to meet the demand) in the market, both have to be considered carefully.
- Map the potentials in the area: having a clear understanding of the context is crucial. The market is currently pushing towards carbon sequestration, but there are also other opportunities and potential benefits related to water and biodiversity.

It is also crucial to identify barriers, both internal and external, and a way to overcome or influence them.



Internal: capacity to manage big resources and to manage large scale projects; administrative and bureaucratic difficulties; risk averse approach of public authorities; risk of public budget getting reduced if private money comes in the overall budget; lack of knowledge of "business language".

External: conflicting interests between grant and subsidies that prevent private finance from coming in; timeline with private sector looking at 5 - 10 years, while nature counts on centuries; trust to be set between private and public; code of ethics and how to measure additionalities.

You can access the presentation here.

Two other case studies were presented highlighting concrete experiences in deploying innovative financing for nature.

Carbon Finance

Will Close-Brooks, Director of Business Department at <u>RESPIRA</u> - a Carbon Finance company working globally. The company works to create opportunities on carbon marketing for nature, raise money from investors and deploy it in projects via contracts and offer long term guarantees. They **manage carbon credits and share returns back with projects**, selling credits that result from carbon sequestration projects (more expensive) and preventive projects (avoiding the release of carbon).

You can access the presentation <u>here</u>.



Ecosystem Services

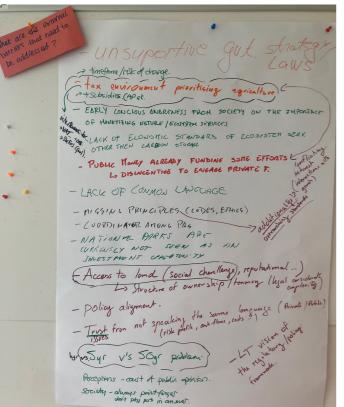
Felix Romero, Director General of Natural Environment and Biodiversity at Castilla La Mancha Region - Spain presented a process to **monetise ecosystem services** provided by natural assets of the region. While about 200 million euros are missing to effectively manage ecosystems in the region, nobody is investing back in rural areas to pay for the ecosystem services that are used by the most densely populated areas. To address this an alliance was set up to raise money for ecosystem services.

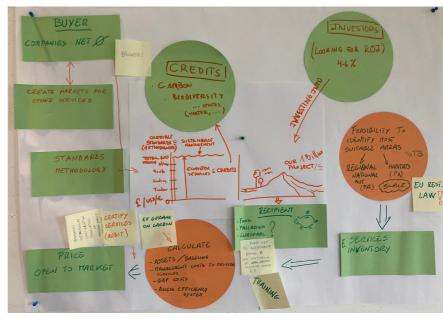
Market Mapping

Market mapping is another important step considered at the start of the process. It is crucial to understand who the potential funders are, as well their interests motivations. This can be banks, insurance companies, funds, or money managers for others.



These investors are looking to create a profit, however, they are also concerned by biodiversity loss and the climate crisis. Sometimes they need to invest money to have a positive impact on biodiversity and they are looking for opportunities to do so. They have multiple pressures to invest in green actions, from their shareholders.





Ethics and Principles

It is also fundamental to establish rules of engagement to manage risk and drive credibility.

- Consider who you want to work with and the standards that you expect all
 partners and buyers of carbon and other ecosystem services to adhere to
 ensure that your values are aligned.
- What are the criteria that you would expect to put in place to remove the risk of greenwashing?

Another intervention, from Colombia, introduced the concept of habitat banks: a different approach to promote investment for biodiversity.



Environmental Investiments

Mariana Sarmiento, CEO of <u>Terrasos</u>, a company specialized in the structuring and operation of environmental investments and based in Colombia. Terrasos works to bring private capital to initiate conservation actions and ensure long term management for conservation (30 years). It works through establishing habitat banks in at-risk landscapes, that can generate biodiversity outcomes in the form of biodiversity credits, that can be sold to companies that are looking for biodiversity solutions. It focuses on landscapes being restored and protected to optimise habitats and biodiversity, and not on carbon credits.

You can see her intervention here.

A model to unlock funding for restoration in Protected Areas

After the different case studies and presentations, the participants then worked in groups to elaborate potential models to facilitate the investment of 1 Billion Euros in projects for nature conservation and restoration, ensuring a return on investment for the investor. The models proposed were shared and discussed to then develop a project concept.

Carol Ritchie, EUROPARC Executive Director, briefly introduced the strategy of the Federation and projected the new proposed model and project concept in the wider European Protected Areas context. She then expressed EUROPARC's commitment to further elaborate the idea and to look for funding to pilot the initiative across Protected Areas in Europe, with a dedicated project.



At the end of the seminar, all participants also agreed to develop a joint statement, which stresses the need for the Protected Area community become to "investment ready". highlights the urgency creating a shared vision to turn nature restoration investable projects into business models in order to access private finance from the ethical and green investment sector.

You can access the statement <u>here</u>.



We would like to take this opportunity to thank again all participants to the seminar, but in particular to express our gratitude for the expertise, dedication and passion of the Palladium Team:

Emma Davies, Andrew Sutherland and Ross Powell.

A special thank you goes to James Stuart for his kind support and precious help in pulling the different parts of this event together.

About Siggen Seminars and the Alfred Toepfer Stiftung

Bringing together Protected Area professionals to learn together, share experience and knowledge in various aspects of Protected Area management and innovate new ideas is at the heart of the EUROPARC Federation's work.

Thanks to the generosity of the <u>Alfred Toepfer Stiftung</u> F.V.S. we have access, annually, to their private seminar centre at Gut Siggen in North Germany, hugging the Baltic Sea coast. Alfred Toepfer Stiftung's founder was also one of the Federation's founders and played an important role in its growth and development. Read the outcomes of previous Siggen Seminars <u>here</u>.

About EUROPARC Federation

The EUROPARC Federation is the largest European network of Protected Areas with more than 400 members from 40 countries. Our members are directly or indirectly managing thousands of National and Regional Parks, Marine Protected Areas and Natura 2000 sites. Our organisation is working on different levels to improve the management of Protected Areas in Europe to the benefit of nature and people. www.europarc.org

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