

Round Table 1: Business Models



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1 MINUTES OF THE MEETING – TABLE 1

Moderator: Lisa Wiatschka (BAX)

Minutes: Alejandro González (IDENER)

Participants: Kadir Yıldız (UT), Werner Wiedemann (RSS), Ana Mendes (UEVORA), Ralf Verdonschot (WUN), Cristina Barragán (KNEIA)

The meeting started with an introduction by the moderator, Lisa Wiatschka, who outlined the objectives for the session. The discussion aimed to address three main exercises: identifying challenges, determining needs, and proposing collaborative solutions for the creation of business models related to ecosystem restoration projects and the Nature Restoration Law.

It's important to acknowledge that the inherent complexity of this subject matter may exceed the expertise of some round table participants, potentially limiting their ability to comprehensively address all identified issues, needs, and solutions. Nevertheless, the discussion was guided by practical reasoning and focused on generating the most valuable insights possible within these constraints.

Exercise 1: Challenges

First, the round table participants were given some minutes to think about the main challenges around attracting financing to nature restoration projects. Based on their experience, some insights were shared, and a debate was created. Some highlights from the participants were:

Ralf:

- Too much focus on existing nature reserves (i.e. Natura2000 framework)
- **Resistance from local communities, especially farmers, to help or agree with extra measures or efforts (what's the gain for them?)**
- The approach to addressing pressures that compel the initiation of restoration efforts is commonly perceived as being driven by a single factor, whereas in reality, these pressures are typically multifaceted.

Cris:

- Attention should shift from business models primarily aimed at maximising profits to strategies that prioritise the mitigation of potential financial losses by implementing necessary restoration actions.
- **The focus should be placed on the long-term benefits derived from restoration efforts, which are challenging to understand from stakeholders that are used to the more immediate returns seen in standard cost-benefit cycles.**

- Different interests collapse, making it difficult to define models in which different views/drivers/actors are involved and need to be merged. Also, there is an incomplete understanding of the economic implications associated with the degradation of wetlands.

Kadir:

- **Lack of communication between stakeholders.**
- Lack of funding to entrepreneurs/start-ups.
- Lack of suitable cases with involvement of local communities.

Ana:

- **Promoting the financing of monitoring tools and approaches as well as human resources in nature restoration projects.**
- Also, the implementation should be done by organisations/companies specialised in nature-based solutions.
- Some complementarities with agriculture should be enhanced, making it clear that farmers and local communities perceived earning or profits from the changes in their land.

Werner:

- Agriculture and nature protection, with established frameworks that allows farmers to receive incomes from allowing restoration action to occur.
- **Promotion of connectivity of stakeholders as well as actively communicating the benefits of restoration to people.**

Alejandro:

- Lack of evidence of the benefits of innovative financing instruments and mechanisms already being applied at European and international levels. Related to the lack of communication that could establish a baseline scenario for the involvement of the private sector in this type of projects.
- Need of establishing well-developed and efficient standards in the attracting finance aspect at European level (i.e. carbon credits standards applied in the UK).
- **Lack of willingness from other directives (i.e. CAP policy) to merge with the NRL principles.**

Decision of challenges:

1. **Lack of communication among all stakeholders.**
2. **Lack of financing mechanisms, or the evidence of their benefits and their promotion at policy level.**
3. **Return Of Investment (ROI) timing: longer in restoration projects than usual.**

Exercise 2: Needs

Ralf:

- **Ralf has emphasised the importance of creating profits or gains within a reasonable timeframe as a response to the difficulties involved with financing restoration projects and the lengthy time it takes for the benefits to become visible.**
- Also, the necessity of applying the restoration actions in a larger scale.
- All together could make newer actions and models to compete with regular products and services.

Cris:

- **Cris made a clear point on the need to address the communication challenge by deeply understanding the drivers and needs of each stakeholder involved in the value chain.**
- To address the “lack of financing instruments/mechanisms” challenge, the need for making the available info about this topic accessible was identified.
- Finally, Cris thinks that Member States must play a role in co-funding restoration projects more actively, as stated by the NRL.

Kadir:

- **Some communication tools or channels can be developed or explored to enhance stakeholders communication and engagement.**
- Also, some special budget must be allocated for the funding of restoration projects at policy level.

Ana:

- To enhance stakeholder communication, there is also a need for involve them in active forums, debates, discussions and general activities. Let's say more willingness to involve stakeholders from the main actors in bringing nature restoration to reality.
- **To enhance the financing of restoration projects, new public taxations and fund management practices should be created to effectively manage the assets destined to restoration.**
- To address the ROI challenge, new business models should be developed and clearly specify how they would overcome this issue.

Alejandro

- **To enhance attracting finance to nature restoration, it is important to identify the need on promoting education or dissemination of the existing financing mechanisms, policies, practices, etc, so it can be adopted at a standard level by European Member States.**

- To enhance stakeholder communication, there is a need to constantly involve them in activities, events and periodical workshops to keep them in the loop. However, some measures should be developed at policy level to promote and increase the willingness of the actors to participate and be involved in these activities.
- To cover the longer ROI identified, some economic assurance and insurance should be provided by bigger actors.

Decision of needs:

- Understand stakeholders drivers, needs and fears.
- Development of more and more innovative business models.
- Member States must play a role in overcoming the ROI challenge.

Exercise 3: Solutions

COMMUNICATION:

- Developing an independent social part for each project.
- Developing common social funds.
- Promote the establishment of intermediary bodies (organisations) that can enhance the active involvement of stakeholders in nature restoration.

FINANCING:

- Studying economic indicators and new funding management models.
- New taxation mechanisms.

LONG ROI:

- Implementation of business models at larger scale and in real cases. This would allow to study specifically the time for ROI in a real case (i.e. at Open or Living Labs).

