



TOWARDS A POLICY FRAMEWORK FOR PROMOTING NATURE-BASED ORGANISATIONS (NBOs)¹

CONTEXT

NBS have emerged as a significant vehicle for achieving sustainability objectives. Policy frameworks introduced by the European Green Deal, the EU taxonomy legislation and the EU Biodiversity Strategy have contributed strongly to the progress made. Equally, EU NBS Horizon Research and Innovation Projects have catalysed and stimulated a rich tableau of collaborative partner arrangements devoted to piloting and experimenting with novel approaches to implement and harness value creation through NBS. Multilateral advances as by UNEP and the IUCN provide impetus towards a more broad-based understanding and collaboration in support of the opportunities at hand. Meanwhile, at national level as well as in regions, cities, and local communities, various stakeholder categories have championed and pushed forward with concrete projects. This Policy Brief pulls together and extends on the insights in this respect built by the URBiNAT project since its inception in 2018.²

NBOs

Realising the benefits of NBS goes beyond planning and administrative procedures. At the core of value-creation stand **green entrepreneurs and Nature-based Organisations (NBOs)**, which engage in various innovative efforts, development of new technical solutions, networking, and value-enhancing product development. Major changes are ongoing, as well, in the sentiments of the wider public, whose concerns, active participation, and co-creation of NBS with organisations and authorities bear fruit to higher relevance and social benefits from NBS.

A basic tenet has to do with the virtues of diversity, complementary competences, and collaboration in realizing the organic evolution of an *ecosystem conducive to green entrepreneurship and NBOs*.

NBOs take different shapes, depending on the driving forces of the founders and managers, as well as external conditions and organisational features. In various ways though, many face an uphill struggle to realise their potential contributions to sustainability – yet they do their part in a myriad of ways. Often, they hold the key to realising the benefits of NBS, and to take us forward towards a more sustainable economy and society.

AN EMERGING POLICY FIELD

Despite the progress made, investment in NBS remains depressed compared to the potential opportunities at stake. This is partly due to the multifaceted character of the revenue streams that flow from these natural assets. Neither markets nor institutions have proven able to support and engage in NBS development on a par with the potential benefits.

The engagement of NBOs in realising the benefits of NBS is on the move but cannot be fulfilled in the absence of more fruitful enabling conditions. This points to the need of framing a specific policy approach – where conventional practices are adapted, new focus points adopted, and different measures coordinated with a view to achieving systemic outcomes, in the short as well as long term, to realise the kind of ecosystem that can allow NBS and NBOs to flourish.

¹ For inquiries, contact Thomas.andersson@iked.org. For background and substantive underpinnings, see “Nature-Based Organisations Policy”, URBiNAT, 2024.

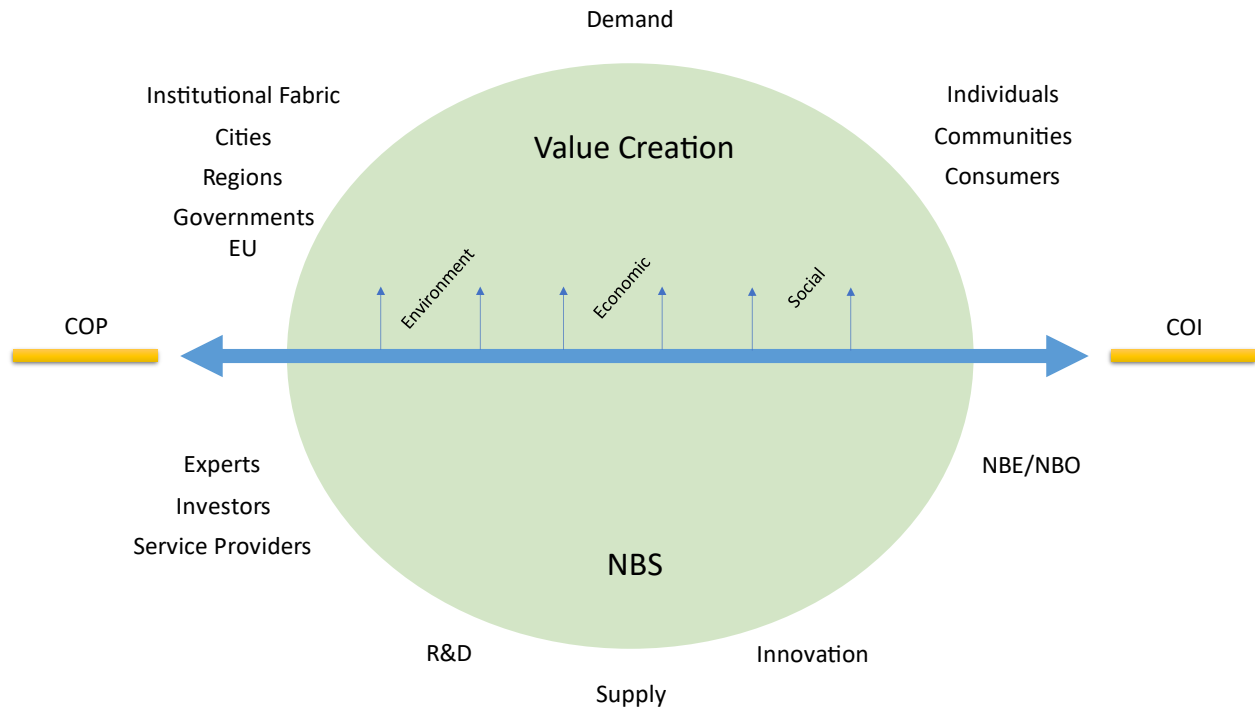
² <https://urbinat.eu/>



A POLICY CONDUCTIVE TO NBOs

This policy brief outlines the case for embracing and implementing a thorough Policy Framework Promoting NBOs. Important cornerstones in this respect are

presented below, under the following headings: i) *Recognising the benefits*; ii) *Embracing the diversity of NBOs*; iii) *Freeing up the potential of complementary policy levels*; iv) *Specifics in key NBO policy domains*.



RECOGNISING THE BENEFITS

While increasing attention has been paid to the private sector and pushing a shift in corporate practices towards carbon neutrality, support for biodiversity, reducing pollution and circular practices, there is a case for placing greater focus on the *need of policy initiatives to foster NBOs as well as nurture their success*. Such organisations, and the initiatives and hard work they draw upon, stand to benefit from, as well as contribute to, the realisation of multiple and wide-ranging benefits from NBS.

NBOs importantly help propel value-creation from NBS through various mechanisms. This may occur through close association with innovation and the emergence of vibrant ecosystems conducive to a nature-positive economy. Through these, the development of new products, services, and social and cultural activities unlock access to information and an enhanced understanding of and demand for the benefits of NBS. This applies to value streams recorded and appreciated by markets as well as social processes and local community development.

NBOs are crucial for realising benefits accruing to people and local communities allowing complementary that materialise through mechanisms such as the following:

- Improved health benefits flowing from facilitated access to amenities and recreation areas, relief against heat stress, alleviated air pollution, tranquillity and savouring from mental stress;
- Eco-friendly food linked to social and cultural activities;
- Tailored utilities and service provision calibrated using smart sensors, diffused via networked platforms;
- Inspiration and engagement of diverse citizens, including marginalised and disadvantaged groups, in collaborative schemes apt to design and implement NBS of participatory and social nature.

EMBRACING THE DIVERSITY OF NBOs

NBOs take multiple shapes. Some are formal enterprises which may be limited companies or associations, some operating for-profit, others not-for profit. Such Nature-based Enterprises (NBE) may evolve into successful and profitable businesses, linked to highly trusted and respected green brands and practices. Other NBOs take the shape of informal networks, possible local community initiatives, or loosely connected Communities of Practice. These kinds of bodies typically have less administrative and revenue-making capacity while exercising great impetus flowing from founder as well as member contributions and engagement.

NBOs are regularly established and taken forward by individuals or groups with shared interests. The people who engage this way in NBOs may be motivated by the identification of a business opportunity, in this case linked to environment conservation or other aspects of sustainability. Their primary drive may also be that of doing good in the latter respects. In many cases, however, they draw on “hybrid” motives – establishing a business as well as supporting sustainability. Depending on such differences in motivation, NBOs will respond differently to various policy interventions.

Opportunities, hindrances, and motivations that surround NBO development depend much on context-specific conditions framed at local and regional level. Policy-making mechanisms need to be devised and upgraded in that light.

Traditional Policy Tools in support of “green business”

Mainstream traditional policies exercises mainly at national level promoted « green » business development since many years. These are some of the most commonly practices, which continue to be greatly important:

1. Increase taxes on greenhouse gas emissions, possibly aligning with EU strategies and regulations;
2. Reduce taxes or introduce subsidies in support of renewable energies and various benefits of NBS;
3. Define and deliver on “green” regulation and standards in various sectors, backed by adequate verification and enforcement mechanisms;
4. Institute educational competencies and strategy to build awareness about environmental challenges across the population at large;
5. Instigate and promote research capacity at universities and across industry or institutes fostering collaboration on the development of “green” solutions;
6. Create green infrastructure, e.g., for cycling, walking, or accessing green areas;
7. Counter policy silos and promote enhanced cross-sectoral synergy, e.g., between environment and health policies.

FREING UP THE POTENTIAL OF COMPLEMENTARY POLICY LEVELS

Policy measures reducing green business risk as well as supportive infrastructure investment mostly remains a responsibility of policymaking at national level. The new key policy domains in support of NBOs resonate with inter-actor relations closer to the ground, naturally and most effectively enacted by local or regional authorities.

Exchange of experience and outright collaboration with other local and regional entities help engineer sharing of experience and learning drawing on peer dynamics. The super-national, or EU, level plays a key role in catalysing and coaching capacity-building and resource allocation to engineer the rise of a new toolbox and rich policy landscape across emerging domains for NBO policy.

A shift in policy focus is warranted, recognising the inherent internal dynamic playing out at the level of cities and local communities. It is generally in that sort of

specific regional and local context that complementary competencies can most fluidly come together to identify opportunities as well as address and overcome outstanding issues.

Besides national policies in support of a green economy and enterprise development, capturing such opportunities require boosting capacity building and resource mobilisation at local and regional level. Realising synergies between complementary competences requires the ability to propel collaboration and participation, experimentation, evaluation, and learning-by-doing. As part of this context, NBOs should be viewed as a resource and their activation and strengthening be cherished as an integrated part of the ecosystem development in support of NBS and sustainability that is aimed for.

Meanwhile, human-societal factors push for fragmentation and polarisation, notably in urban development. Deprived areas tend to suffer from less connectedness with policymakers/ influential stakeholders. Typically bestowed with a weaker business sector, less prevalence of innovation and citizens burdened more by pressing social concerns, they typically foster fewer NBE. Such areas are, however, capable of fuelling powerful, constructive networking of high importance for social progress. They are also in need of economically sustainable operations offering job creation and higher incomes. Reinforcement of public goods emergent from green space or “infrastructure” open for benefits associated with recreation, reduces stress, and increases well-being, while exerting upward pressure on property prices.

The presence of adverse impacts calls on policymakers to combine top-down and bottom-up initiative in fostering

ecosystems for NBOs that are both vibrant and supportive social inclusion. Here, again, NBOs can and should be engaged. In this, URBINAT has set out framing and operationalising a Community of Practice (CoP) structured for multi-layered targeted exchanges featuring parallel learning exercises drawing on both co-creation peer-. We conclude on the usefulness of a stylized CoP architecture suitable for entailing defined actor categories and driving forces, aimed to achieve a self-reinforcing virtuous circle of governance reform and such two-way adaptation and transition towards sustainability.

Improved communication, coordination, and alignment of interests between different strands of public administration, stand out as a prerequisite for fuller consideration in policymaking of the synergetic benefits of nature.

SPECIFICS IN KEY NBO POLICY DOMAINS

Five specific policy domains of high relevance for cultivating a dynamic ecosystem conducive to the flourishing of NBOs at the level of cities and local communities, are presented in the following.

CO-CREATION

A spectrum of possibilities with associated impacts can be brought about by **Co-creation**, i.e. a joint design process where user/citizens are actively engaged. Realising the potential value of NBS may greatly depend on the degree to which NBOs get involved and contribute actively with structuring and packaging parts of the value streams. NBOs excel in proactively interpreting and meeting residents´ needs. Where NBOs are thoroughly involved, co-creation of new ideas translates more fluidly into co-production/service delivery, making potential NBS benefits more potent and attainable.

NBOs may further be called upon to help frame and implement co-creation in ways that help counter fragmentation and social polarisation, by supporting capacity building to pursue rectifying activities. Examples include staging processes on terms that enable citizens involved in the design and implementation of NBS to experience constructive NBO support. Policies should pursue inclusive communication practices and methods on terms that are conducive to trust, creating a sense of ownership by citizens. On this basis, citizen buy-in with

policy, including NBO contributions, will be boosted, especially in less privileged areas.

DIGITAL ENABLERS

The advance of digital technology by way of computing, big data, clouds, smart sensors, Artificial Intelligence (AI), etc., brings massively enhanced capacity to collect, process and diffuse information. Digital tools combined with methodology and content tailored to achieve specific purposes of value-creation from NBS, are referred to as **Digital Enablers**. They may facilitate co-creation and unleash faster, more efficient and trusted measurement, reporting, and rewarding/penalising of sustainability impacts, countering “greenwashing”.

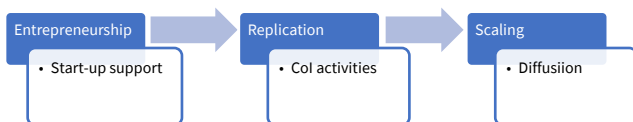
Policies may nudge such applications and outcomes through various tactics, applying a combination of carrots and sticks. Also, by framing openings for NBOs in digital enablers, cherishing green entrepreneurs and framing demands for innovation, policymakers can effectively stimulate diverse participatory processes of value-creation from NBS.

Policymaking further has a role to play in fostering user-friendly data repositories and promote their update, possibly backed by capacity-building and training. Smart public procurement practices can effectively counter dependency in proprietary vendors through the promotion of open source and open data.

BUSINESS LIFE-CYCLE

NBO policies will gain momentum through consideration to the **life cycle** of such entities, i.e., distinguishing between phases of firm and organisational development. Green **entrepreneurship** can be promoted through institutional and societal factors conducive to competence development and collaboration in the start-up phase. **Replication** tends to be impeded by transaction costs creating barriers to translating success to a different context. Policymakers can help bridging the gap, in part by linking to favourably inclined Communities-of-Interest (CoIs). Bonded together by shared interests, CoIs may enhance the absorptive capacity notably of socially oriented NBOs, fast-tracking matching with local interests and competencies.

Policy has a role to play in support of **scaling** NBO as well, where success requires mainstreaming uptake beyond a narrow category of first-moving customers, possibly



along with upgrading of supportive infrastructure or external service provision. Key is the rise of blended finance capable of supporting diverse kinds of organisations and benefits. Identifying and acknowledging “best practice NBOs” that represent pertinent candidates for replicability and scaling has been observed as opening for distinct opportunities. The recommended practices should not be mistaken for “pick-the-winner” policies, though. Exerting a favourable impetus comes down to instigating a process of matchmaking, bridging between relevant actors and facilitating match-making between prospective partner organisations.

DEMAND POLICY

Demand-led policy has arisen as one of the most potent, if not yet fully understood, vehicles for stimulating green business development. Demand-led NBO policies take different shape depending on the kind of value-streams that emanate from NBS. Governments possess various means of shoring up demand. Some are direct, such as public procurement, others indirect as when facilitating awareness creation or investing in enabling infrastructure.

Bundling complementary measures on terms that raise the interest of diverse client categories offers advantages, facilitating achieving critical mass and reducing market risk. Further, varying sources of demand may be induced to interact, relating to public space, amenities, less pollution, cleaner air, support for wellness, or other kinds of benefits.

While NBEs play a key role in achieving gains that are marketable and capable of appealing to a critical mass of clients, governments may critically underpin credible monitoring and evaluation and thus help build the trust required for unleashing private sector confidence. Social innovation and the mobilisation of voluntary efforts in support of public goods by other community based NBOs further merit appreciation and validation by policymakers.

Raising the ability of government bureaucracy to coordinate and administer NBS across diverse sectoral boundaries, skills and knowledge gaps need to be addressed across different departments. This includes increasing capacities in monetary/non-monetary valuation of diverse NBS benefits, as well as managing specific bidding requirements on terms that are amenable to accommodating diverse kinds of NBOs. By working with smaller pilots, public procurement processes could be more open-ended with challenge-based criteria creating space for innovation, grouping projects together in support of creative, value-enhancing links between actors at different stages of the value-chain.

Policies may further instigate collaboration among relevant professional and training bodies in support of critical mass and enhanced continuous professional development. Public awards may be devised to recognise good practices, e.g., in implementation of measures to value natural capital conservation and restoration.

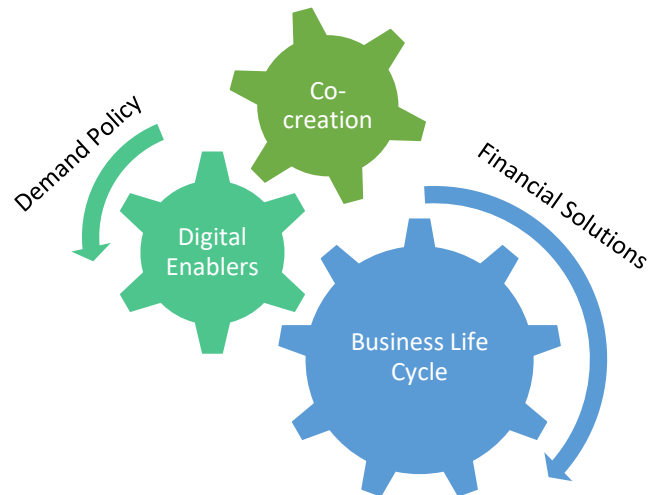
FINANCIAL SOLUTIONS

Funding of NBS materialises overwhelmingly from public sources. For enhanced investment in NBS, at a scale and on terms that help realise their potential value-generation, the private sector needs to engage. Overcoming the barriers to private sector investment raises important challenges. Rather than applying a one-size-fits-all model, tailored strategies, combining different mechanisms and sources of funding, are required for favourable outcomes.

Major issues remain when it comes to linking sustainability funding with actual impacts. While increasingly demanding public reporting requirements require firms to set out plans for moving towards carbon neutrality as well as describe means for fulfilling such commitments, concerns with greenwashing keep growing. This calls for reforms how to adjust the definition and measurement of green investment so to put the focus on impact.

Green start-ups suffer specifically from low access to adequate finance, including to realise green tech innovation. Public entities are not well suited to allocate risk funding, but policymakers have a role in framing ecosystems conducive to a diverse community of entrepreneurs and funding opportunities. Policy measures reducing green business risk as well as supportive infrastructure development generally remain a responsibility of policymaking at national level. The local level is key though, when it comes to initiatives to form business angel networks, and collaboration with universities, science parks and business associations to form complementary mechanisms for risk funding.

A related avenue is that of promoting or facilitating citizen financing, notably by way of crowdfunding. Such measures may be framed as part of inclusive approaches to co-governance with particular relevance to NBOs, reflecting the importance of customer appreciation of more diverse value streams compared to what applies to mainstream business. Crowdfunding serves not just to raise financial resources but creates a customer base out of those that contribute and thus become entrenched with the services under development.



KEY TAKEAWAYS

The time has come for instilling policy mandates along with enhanced capacity and competences and local and regional level to pursue active policies in support of NBOs. A shift towards enhanced momentum in this respect is key to unleashing private investment and ingenuity, along with civil society engagement, in support of sustainability. The policy recommendations that have grown out of the URBiNAT project in this respect, are summed up below:

SUMMARY RECOMMENDATIONS, POLICY MAKERS ARE CALLED UPON TO:

- ✓ Frame a comprehensive strategy to realise the potential contributions to NBOs to sustainability, reflecting their contributions to realising the value of NBS while impeded by market and government imperfections,
- ✓ Re-define and re-think NBO “policies” to the effect of encouraging, enabling, and coaching their role in dynamising local and regional ecosystems for NBS value generation, while countering downsides.
- ✓ Cherish a culture of diversity promoting contributions by diverse categories of NBOs, spanning from formal NBEs to informal community networks and social and solidarity-based initiatives.
- ✓ Move beyond individual projects or individual measures, applying a systemic approach, in support of eco-systems conducive to NBOs and the value-generation of NBS, making use of healthy corridors to combine NBS benefits.
- ✓ Demonstrate succinct promises emanating from a well prepared, inclusive consultative process, where opportunities can be tested on the ground.
- ✓ Pursue novel strategies for citizen co-creation with emphasis on inclusion, taking advantage of NBO-capabilities and innovative capacity for the purpose of countering polarisation and fragmentation.
- ✓ Make use of digital enablers, drawing on NBOs where suitable.
- ✓ Differentiate strategies with consideration to NBO life cycles, including green entrepreneurship, as well as shaping opportunities for replicating and scaling best NBE practices.
- ✓ Mobilise enhanced demand along with local engagement, including in deprived areas and for disadvantaged groups.
- ✓ Promote diverse financial solutions, including with a view to breeding NBOs of various kinds and in support of widening and leveraging revenue streams in support of sustainability.