

Policy brief

Enabling Public-Private Partnerships (PPPs) to Finance EU Nature Restoration

As pressure on public funding increases, and as nature-related risks increasingly affect economic sectors, this brief examines how well-designed Public–Private Partnerships (PPPs) can help mobilise private capital for nature restoration in the EU while creating long-term ecological, economic and societal value. It outlines the policy conditions needed to make such partnerships credible, scalable and aligned with public interest and ecological integrity.

Public-Private Partnerships (PPPs) are collaborative agreements between government entities and private sector companies to finance, build, and operate projects that serve the public. These partnerships leverage the strengths of both sectors to deliver public services or infrastructure more efficiently and effectively. Key features include risk sharing (allocating risks to the party best able to manage them), long-term contracts (typically spanning 20-30 years), private sector investment (reducing immediate financial burden on the public sector), performance-based payments (ensuring accountability and quality), and innovation and efficiency through private sector involvement.

Key messages

- Growing competition for public funding will put financial resources dedicated to the Nature Restoration Regulation (NRR) at risk;
- Nature underpins economic sectors that have the capacity, and can act as an incentive, to invest in nature restoration;
- Limits and risks embedded in the policy landscape may undermine engagement of private sectors in nature restoration financing;
- Public-Private Partnerships can facilitate private investment and support transformative change in nature financing;
- This brief proposes recommendations to support PPPs, strengthen policy coherence, and establish good practice.

Context

Financing contexts are currently not favourable for nature restoration

The EU Green Deal and the Nature Restoration Regulation (NRR) have set legally binding and time-bound targets to halt and reverse biodiversity loss. Dedicated nature spending targets - previously set to reach 10% of the EU budget (€1,9 trillion for 2028-2034) by 2026–2027 - have been removed. Instead, the need to protect and restore nature must now compete for resources within broader priorities such as climate, water, and the circular economy.

Influenced by the *EU Competitiveness Compass*, 35% of total EU spending is still intended to support Green Deal objectives. However the absorption of the long-standing LIFE Programme into a new €409 billion Competitiveness Fund **raises concerns that nature restoration could be overshadowed by more short-term, commercially viable or technology-focused investments**.

At the same time, the European Commission's *Roadmap towards Nature Credits* signals a complementary, and potentially pivotal, shift: **the expectation that private finance will be instrumental in filling an estimated €65 billion annual nature investment need**[1]. Currently, private financing of nature restoration in Europe is marginal, especially outside of protected areas. In most cases, nature restoration initiatives remain dependent on public funding to be viable.

A key barrier to financing nature restoration is not a lack of capital, but a mismatch between how ecological systems function and how policy, reporting and funding frameworks are structured. Ecological processes operate across spatial scales, time horizons and thresholds that do not easily align with standard project-based financing. As a result, ecological knowledge does not readily translate into fundable and scalable programmes. Addressing this gap requires policy frameworks and delivery mechanisms that can align with financing and implementation structures.

PPPs cannot by themselves create the enabling environment for nature restoration, but they can play an important operational role within it. EU policy-makers are key to establishing the conditions that allow PPPs to contribute effectively to this broader enabling environment.



[1]**Correction notice: 26 October 2026**
An earlier version of this policy brief incorrectly referred to €65 billion as the funding gap for nature restoration. This figure represents the estimated funding needs for nature restoration, rather than the funding gap. The text has been corrected accordingly

Key observations

Enablers and constraints for private sector financing of nature restoration

Economic sectors are structurally dependent on nature

Businesses are increasingly recognising that the degradation of nature poses a material risk to their operations, supply chains, and long-term resilience and competitiveness. For example, in the EU, 72% of non-financial corporations (NFCs) and nearly 75% of Euro-area bank loans are linked to sectors with high or moderate dependency on nature. Engaging the private sector is therefore not only a matter of philanthropy or reputational strategy but also of economic necessity, as their activities depend on healthy ecosystems and multi-level ecosystem services. This necessity is not always visible in financial accounts, but is increasingly recognised as a source of systemic risk for businesses.

Nature is emerging as a strategic investment opportunity

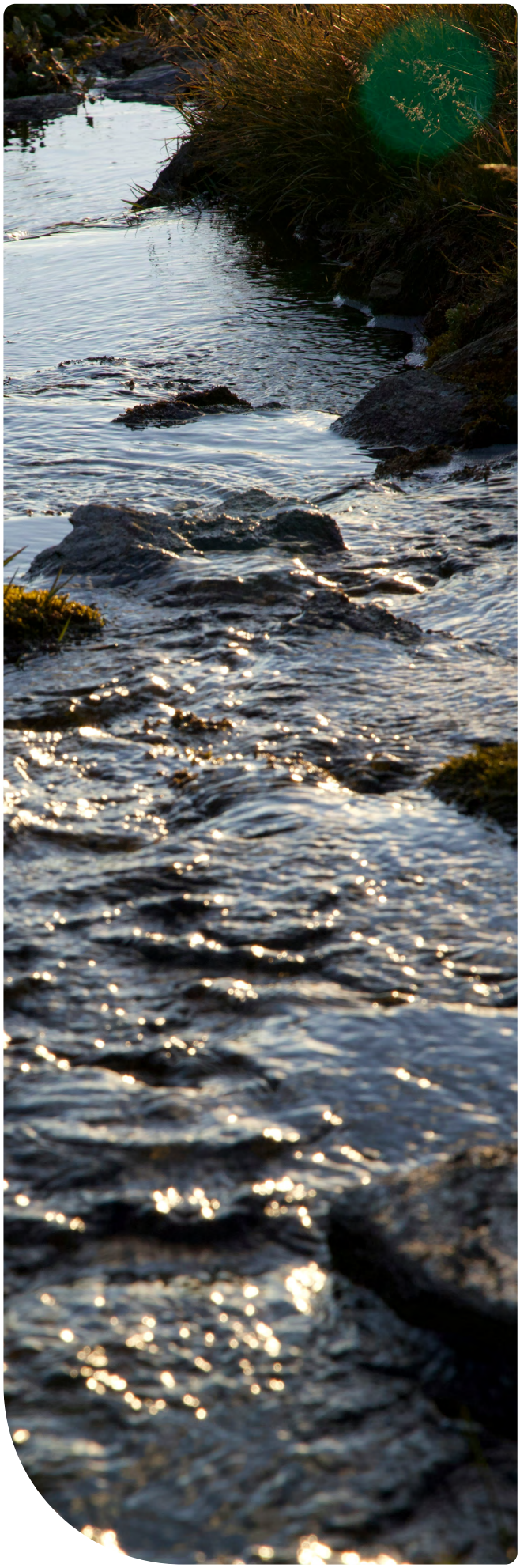
Nature is also fast becoming a strategic asset, influencing access to finance, customer trust, and regulatory compliance under emerging ESG (Environmental, Social, Governance) disclosure requirements such as the Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), EU Deforestation Regulation (EUDR) and the EU Taxonomy. While obligations of the CSRD have been weakened in the latest Omnibus Simplification Package, the overall trajectory remains toward increased disclosure. From a competitiveness perspective, investing in nature conservation and restoration supports innovation, strengthens value chains, creates shared value, reduces business risks, supports job creation and aligns with Europe's transition to a resilient, circular and low-carbon economy.

Political limits and risks

Businesses are therefore willing, and in many cases eager, to invest in nature restoration when the right enabling conditions exist. However, investment and market development remain constrained by policy uncertainty, a lack of regulatory frameworks, insufficient reporting alignment, and an over-reliance on voluntary rather than compliance-based approaches. There is also a risk that in the current regulatory vacuum, markets may outpace regulation – increasing the risk of greenwashing and a lack of societal trust and credibility in the sector. In the absence of clear policy direction, there is a risk that emerging nature markets develop in a fragmented and uncoordinated manner, undermining ecological integrity, investor confidence and public trust.

To unlock private capital responsibly, policymakers can help close these gaps through clear rules, long-term guarantees (e.g. base price), credible and independent **monitoring, reporting and verification** (MRV), and risk-sharing mechanisms (e.g. first loss) that make nature-positive investment both responsible and rewarding. Nature-positive finance refers to financial systems and decisions that integrate nature-related risks and dependencies, and actively contribute to halting and reversing biodiversity loss in line with global biodiversity goals.





Designing Public-Private Partnerships for nature restorationw

Benefits of PPPs

PPPs offer an effective way to overcome current barriers to nature restoration finance **by aligning public oversight with private investment** to deliver ecosystem services and wider public benefits.

Traditionally centered on "Value for Money," PPPs have evolved under the UN 2030 Agenda into "People-first PPPs," which integrate social and environmental value alongside financial return. In this model, governments set the public interest and ecosystem status objectives, while businesses and civil society co-design and deliver solutions. **For EU policymakers, well-designed PPPs provide a tested mechanism to channel private capital into nature restoration while safeguarding transparency and equity, and enhancing measurable public benefits and co-benefits**.

A design for transformative change

Well-designed PPPs combine public trust and oversight with private capital and innovation. **Public authorities can de-risk early-stage investment** through grants, guarantees, or blended finance, while **private partners bring technical expertise and delivery capacity**. This approach enables restoration not only to be treated as a cost, but as system-level infrastructure capable of generating long-term ecological, economic and societal resilience. It also allows for **more efficient investment in priority restoration areas**.

To function effectively, PPPs require a **science-based foundation** of ecological baselines, credible metrics and transparent MRV to ensure that public funds and private finance deliver measurable ecological and socioeconomic outcomes. They also depend on **stable, long-term policy frameworks** that give investors the confidence to commit to multi-decade, large-scale projects. PPP models must also be **equitable**, i.e., avoiding situations where restoration leads to loss of access for local communities without compensation and **inclusive**, i.e. co-designed by and beneficial for local communities, not just large corporations.

Case-studies demonstrating PPP value can be found at the end of the brief.

Policy Recommendations : Conditions for Success at the European Level

Create enabling conditions for high-integrity PPPs

- Establish **dedicated PPP pipelines** for nature restoration linked to National Restoration Plans (NRPs), with clearly defined project typologies (e.g., peatland, coastal ecosystem, etc).
- Develop **standardised PPP contracting models** adapted to ecological restoration, including long-term performance-based contracts linked to ecosystem outcomes.
- Establish **dedicated EU and national funding windows** to pilot high-integrity PPPs for restoration, supported by blended finance and public guarantees. Prioritise models that include local communities and small to medium-sized enterprises (SMEs) to ensure equitable benefits and social legitimacy, alongside environmental impact.
- In line with Target 14 (T14) of the Kunming-Montreal Global Biodiversity Framework (GBF), **embed nature restoration into other EU priorities** including the Competitiveness Compass, EU Green Deal Industrial Plan, Just Transition, Cohesion Policy, Common Agricultural Policy, Common Fisheries Policy (CFP), and other current relevant policy instruments to secure co-benefits with other strategies. This mainstreaming is critical to ensure that biodiversity considerations are embedded within economic and policy decision systems, shaping where and how public and private capital can be deployed, and enabling PPPs to operate within a coherent investment framework.
- Ensure **local participation and benefit-sharing**, particularly for landowners, SMEs and rural and coastal communities, while creating clear incentives for businesses and investors to participate.

Expected outcomes:

- A pipeline of investable restoration projects aligned with NRR targets;
- Increased private capital participation;
- Reduced reliance on full public funding;
- Public funding to be leveraged to attract private capital through blended finance instruments;
- Pilot PPPs that align restoration goals with measurable nature and climate outcomes, supported by blended finance and public guarantees.

Integrate nature into Europe's economic strategy

- Position nature restoration as **system-level infrastructure** i.e., core economic infrastructure, alongside energy, transport and digital systems, necessitating PPP support.
- **Embed nature restoration funding** across the Competitiveness Compass, Green Deal Industrial Plan, Just Transition, Common Agricultural Policy (CAP), Common Fisheries Policy (CFP), Strategic Plan and the Cohesion Policy, presenting reciprocal cross-sectoral co-benefits.
- **Leverage EU leadership**: use the upcoming 2028–2034 Multiannual Financial Framework (MFF) to anchor nature restoration and ecosystem services delivery as an investable, competitive pillar of essential infrastructure in the European economy which relies on PPP inclusion.

Expected outcomes:

- PPPs positioned as essential support to resilient nature-based infrastructure which promotes competitiveness;
- Mainstreamed cross-sectoral investment flows into nature restoration;
- Increased policy coherence across sectors, signalling confidence to private sector capital.



Reinforce transparency and knowledge transfer to support restoration investment

- Develop communication strategies to increase societal awareness that both economic prosperity and human wellbeing rest fundamentally on the critical infrastructure provided by healthy ecosystems, including water regulation, pollination, flood mitigation, soil fertility and climate resilience.
- **Share knowledge on how to build a robust and impactful business case addressing monetary and non-monetary values**. Resources providing guidance on how to undertake meaningful valuation in ways that do not undermine other values, including biodiversity, ecosystem services and nature conservation, play an important role - for instance, in helping to create a narrative for restoration in market-failure locations - or retrofitting Nature-based Solutions into areas where ecosystem services are lacking.
- Build capacity within public authorities to design and manage PPPs for nature restoration.

Expected outcomes:

- Increased pipeline of investment-ready projects;
- Improved delivery capacity within Member States;
- Enhanced market confidence.



Case-studies demonstrating PPP value

Examples	Outcomes	Success factor	Resources
MERLIN	A practical PPP framework was developed, which blends public funding with private investment.	Focus on shared risks, performance-based contracts and measurable ecosystem outcomes, enabling and reassuring conditions for the private sector to engage.	Merlin Off-The-Shelf Instrument 6: Public-Private Partnerships
Peatland Finance Ireland	A national blended finance model was developed, by combining public support with private investment.	Growing corporate engagement based on a locally adapted Standard, which will be compliant with the Carbon Removals and Carbon Farming (CRCF) by offering a bundled "ecosystem certificate".	The Peatland Standard for Ireland
REST-COAST	Innovative business modelling tools were combined with multidisciplinary perspectives, to co-create financial models capable of attracting both public and private investments.	Offer of a framework to develop business plans adaptable to different investors' needs and financial criteria.	Co-Developing Business Plans for Upscaled Coastal Nature-Based Solutions Restoration: An Application to the Venice Lagoon (Italy) by Umberto Pernice, Francesca Coccon, Fabienne Horneman, Caterina Dabalà, Silvia Torresan and Laura Puertolas
River Stewardship Company	Inclusive services are provided to engage private landowners of riparian land in the conservation, management and improvement of urban waterbodies.	This social enterprise model provides inclusive services to engage citizens not only in restoration, but also in routes to work and education. It solves complex riparian land ownership patterns.	River Stewardship Company website and Riverlution website

Link to sources

The scientific publications used in this policy brief can be found in the information sheet of this briefing, downloadable from: www.biodiversa.eu/policy-briefs/

Photos: Unsplash

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About this Policy brief

This Policy Brief is part of a series aiming to inform policymakers involved in the implementation of the Nature Restoration Regulation with policy recommendations based on the expertise of the BiodivRestore Knowledge Hub experts.

The series of Biodiversa+ Policy Briefs can be found at www.biodiversa.eu/policy-briefs

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