

## *Align Nature Impacts of Regional Development with Sustainable **Finance** Regulation*

### **(NATUREFIN)**

#### Project Motivation

The EU cohesion policy strives to create a Greener Europe, and a more inclusive Europe by addressing regional disparities. Sustainable finance is a key enabler in achieving these objectives. By harmonizing regulations, we aim to boost funding for economic activities that positively impact nature in various regions. This approach seeks to protect and enhance biodiversity and ecosystem conditions through targeted sustainable investments. However, many EU regions face challenges in aligning local development policies with EU sustainable finance regulations, resulting in inconsistencies and inefficiencies in attracting sustainable investments.

NATUREFIN establishes a regulatory framework to bridge the gap by aligning the nature impacts of regional development activities with sustainable financial regulation requirements.

The overarching theme for the seven policy instruments (PIs) covered in this project is to enhance regional and environmental regulations with the goal of improving nature-related impacts. While the degree of focus on this objective varies among the PIs, all participating regulatory authorities are committed to strengthening the nature-related aspects of their respective PIs.

To achieve this impact, we recommend evaluating the nature impact of economic activities and categorizing the nature-related outcomes according to the following three IUCN-aligned categories:

1. Reduced harm
2. Do no significant harm (DNSH)
3. Net gain in ecological value

This framework has the potential to align with the requirements for sustainable funding and investments sought by banks, investors, financial institutions, who need verification of the nature-related and biodiversity footprints of their investments. Activities in category 1 (Reduced harm) will likely attract ESG investors. Category 2 (Do no significant harm - DNSH<sup>1</sup>) is aimed at green bond issuances and sustainability-linked investments, collectively known as sustainable finance. Category 3 (Net gain in ecological value) aligns with impact investments that seek nature-positive impacts with measurable, additional, and intentional outcomes.

#### Planned Activities

- **Workshops:** targeting 10 workshops, for **capacity building** at the individual and the organisation level by sharing strategies, discussing regulatory challenges, and developing actionable policy recommendations that align regional development priorities with EU sustainable finance regulations.

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<sup>1</sup> NATUREFIN's outcome partially strengthens the intended outcome of the [GreenGov Interreg Project](#), however it differs in the key aspect of targeting the wider range of sustainable finance (covering all existing Sustainable and Responsible Investment Strategies) – and not just the Taxonomy-aligned sustainable funding that GreenGov targets. The latter is a small subset of the available funds on the market.

- **Policy Instrument development:** Aim to improve local regulations to attract sustainable investments, support assurance, and provide transparency to limit greenwashing.

### Project Outcomes

1. **Implement PI developments that align regional regulations with Sustainable Finance Regulations:** Develop and implement comprehensive recommendations to align EU sustainable finance regulations with the 7 policy instruments identified, addressing regulatory discrepancies.
2. **Foster Collaboration and Knowledge Sharing:** Establish a network of research institutions, regional authorities, and municipalities to share best practices and innovative financial strategies, with the aim to **build capacity**.
3. **Disseminate Findings:** Produce policy recommendations to guide policymakers, municipalities, and other stakeholders in adopting green financial solutions to benefit participants beyond the NATUREFIN consortium members.

### Consortium Collaboration

We aim to build capacities within the consortium members and learn from the experience of sustainable finance partners. These partners will explore how sustainable financial solutions can help municipalities and regional authorities achieve their sustainability objectives. We established a collaborative network across eight countries, bringing together seven authorities. These authorities, united by a common goal, seek to develop their own PIs aligning with a single framework categorizing the biodiversity and nature-related outcomes of economic activities in their regions. This framework will align with sustainable finance regulation.

Therefore, we have deliberately included several sustainable finance experts, such as universities and think tanks, in the consortium to support the regional policy authority partners in their capacity-building journey.

The consortium is supported by six partners who are sustainable finance experts, think tanks, combining practical knowledge with extensive academic credentials and policy advisory experience. Among them is an advisory partner from France (2 Degrees Investing Initiative), with a particularly strong track record in nature-related policy advice in sustainable finance. We aim to leverage their expertise to benefit all participating regions.

See table below for details of the partners.

**Consortium partners:**

Region	Country	Participation type	Partner (Policy responsible authority *)	Policy Instrument	IJG
North	Finland	Partner	City of Heinola*	Heinola Business Development and Growth Program	
North	Finland	Partner	University of Vaasa		
East	Hungary	Partner	Somogy County*	Somogy County Integrated Territorial Programme 2021-2027	Yes
East	Hungary	Lead partner	Corvinus University of Budapest		
South	Spain	Partner	Diputación de Badajoz*	The strategic grants plan of the Diputación de Badajoz	
South	Spain	Partner	Spain Sustainable Investment Forum		
South	Portugal	Partner	CIM-BSE*	Plano Estratégico da Comunidade Intermunicipal das Beiras e Serra da Estrela	
South	Greece	Partner	Municipality of Paggaios*	Regional Operational Programme "Anatoliki Makedonia, Thraki" 2021-2027	Yes
West	France	Advisory Partner	2 Degrees Investing Initiative		
West	Netherlands	Partner	Ministry of Interior and Kingdom Relations*	Nature and Environmental Policy Plan of Bonaire, Saba and Statia 2020-2030.	
West	Netherlands	Partner	University of Aruba		
Candidate	Albania	Partner	Municipality of Maliq*	General Local Plan for Municipality of Maliq	
Candidate	Albania	Partner	Sustainable Finance and Innovation Centre		