



NaTour4CChange

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Financing Nature-based Solutions in Mediterranean Tourist Destinations: Business and financial model guidelines for NbS implementation

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List of Acronyms

AD&D – Accidental Death and Dismemberment (Life Insurance)

DMO – Destination Management Organization

ECST - European Charter for Sustainable Tourism in Protected Areas

EIB – European Investment Bank

EU – European Union

ERDF – European Regional Development Fund

EAFRD – European Agricultural Fund for Rural Development

GDP – Gross Domestic Product

GFDRR – Global Facility for Disaster Reduction and Recovery

GSTC – Global Sustainable Tourism Council

IUCN – International Union for Conservation of Nature

ITS –Acronym for the Sustainable Tourism Tax used in Spain (Impuesto del Turismo Sostenible/Impost del Turisme Sostenible)

KPI – Key Performance Indicator

LIFE – EU Programme for the Environment and Climate Action

MPA – Marine Protected Area

NbS – Nature-based Solutions

NCFF – Natural Capital Financing Facility

PES – Payments for Ecosystem Services

PPP – Public-Private Partnership

ROI – Return on Investment

SROI – Social Return on Investment

SCF – Subnational Climate Fund

SME – Small and Medium-sized Enterprise

SPV – Special Purpose Vehicle

UNEP – United Nations Environment Programme

UNEP-WCMC – UN Environment Programme World Conservation Monitoring Centre

UNWTO – United Nations World Tourism Organization

Glossary of Financial Terms

Bankable Project: a proposal that is professional and transparent enough to attract investors. Normally carries a risk-return profile that meets the criteria of lenders or investors (Banks). In NbS, it implies that the environmental benefits are clearly linked to financial stability or cost savings.

Blue Carbon: Carbon captured and stored by ocean and coastal ecosystems (like Posidonia).

CAPEX: Initial cost to build or buy. (Capital Expenditure)

Earmarked funds: Revenue or financial resources specifically designated and legally "ring-fenced" to be spent only on a predefined purpose, such as the conservation or management of a particular natural site.

OPEX: Ongoing cost to run or maintain. (Operational Expenditure)

Ring-fencing: Protecting a specific pot of money so it can only be spent on its intended purpose (e.g., conservation).

Seed Capital: This is the initial setup funding used to start the fund's operations. Unlike a traditional subsidy that is spent once, seed capital in a revolving fund acts as a permanent base that is loaned out, repaid with interest, and then loaned again to a new project.

ROI (Return on Investment): A financial ratio used to calculate the efficiency of an investment by comparing the benefit (gain/savings) to the cost. In NbS, this usually includes "avoided costs" of damage or artificial repairs.

SROI (Social Return on Investment): An advanced metric that accounts for the value of social and environmental co-benefits. It translates "intangibles" like biodiversity or community well-being into a proxy monetary value to show the true total impact of an intervention.

SPV (Special Purpose Vehicle): A separate legal company created just to run one specific project and protect the partners from risk.

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Executive Summary

Mediterranean coastal and marine protected areas (MPAs) face unprecedented pressures from climate change and human activities. The region has lost 20-30% of its critical *Posidonia oceanica* meadows in recent decades (Telesca et al., 2015), while coastal erosion costs run into hundreds of millions of euros annually (European Environment Agency, 2023).

This guide is a strategic output of the NaTour4CChange (NT4CC) project. It is specifically designed for tourism destination managers, public authorities, and NGO partners operating within the project's seven Mediterranean pilot areas. **This guide provides a strategic framework to secure sustainable financing for Nature-Based Solutions (NbS).** Grounded in the recognition that healthy ecosystems are foundational assets for climate resilience and economic stability (World Bank, 2021), we present five proven NbS financial mechanisms, enriched with seven Mediterranean pilot areas. The guide includes an example of analysis of risks and Return on Investment (ROI) tailored for NbS projects, and critical guidance on inclusive social governance, a key factor for long-term success (Bennett & Dearden, 2014). The goal is to equip the NT4CC project stakeholders not only with tools to attract investment but also with evidence-based strategies to navigate the intertwined political, financial, and social complexities of implementing NbS in the Mediterranean context.



1. Introduction

The Mediterranean is at a crossroads. For many of its countries, tourism is a cornerstone of the economy, representing over 24% of GDP in Croatia, 13% in Greece, 12% in Spain, 5.6% in Italy, 3.6% in France, and 2.3% in Bosnia and Herzegovina (UN Tourism, 2025). It should be noted, however, that these figures reflect tourism's total economic impact (including indirect and induced effects), which typically exceeds the direct contribution measured by national Tourism Satellite Accounts (TSA). For instance, Croatia's direct tourism GDP is estimated at approximately 12% by the Croatian National Bank, compared to the 24% cited above. Readers are therefore encouraged to consult national TSA data when building detailed financial cases. Notwithstanding these measurement complexities, the foundational natural assets of this region: beaches, dunes, seagrass meadows, and coastal wetlands; are degrading under climate change and overtourism. Projections indicate that unchecked coastal erosion and ecosystem loss could decrease tourism revenue in vulnerable hotspots by 10-20% within two decades (World Bank, 2021).

This environmental degradation is being dramatically accelerated by climate change, for which the Mediterranean is a recognised 'hotspot'. The region is warming 20% faster than the global average, with temperatures projected to reach 2.3°C by 2050 (Plan Bleu, 2025, p. 6). This triggers a cascade of risks: marine heatwaves devastate ecosystems such as posidonia meadows, ocean acidification threatens marine life, and sea-level rise (~40 cm by 2050) together with intensified storm surges accelerates coastal erosion, directly affecting beaches and tourism infrastructure (Plan Bleu, 2025, pp. 42-44). According to the Mediterranean Experts on Climate and Environmental Change (MedECC, 2020), these compounded pressures are radically transforming the entire marine ecosystem, leading to a major decline in biodiversity and undermining the coastal economy.

In this context, securing long-term and diversified funding is no longer an environmental preference but an economic imperative. Current investment gaps in nature-based infrastructure threaten the very viability of the Mediterranean tourism model. Transitioning from traditional grey coastal infrastructures (grey solutions) to Nature-based Solutions (NbS) requires robust financial frameworks capable of mobilising both public resources and private capital. Without dedicated funding mechanisms to restore and protect these natural buffers, the region is also facing a systemic risk to its primary source of wealth. Summer seasonal tourism remains the main economic engine for countless Mediterranean destinations, ranging from large cities to small coastal communities; protecting the natural capital that sustains this seasonal influx is critical for their economies.



For protected area managers, this translates to a triple mandate: conserving biodiversity, adapting their territories to climate change, and safeguarding tourism as the region's primary economic engine. NbS, such as dune restoration and seagrass conservation, are not merely environmental projects; they are essential investments in adaptive infrastructure (GFDRR, 2021). This guide posits that managers must become fluent in the language of economics and risk mitigation to unlock the necessary funding from the tourism sector that benefits from their stewardship. This approach aligns with the growing recognition of tourism as a key leverage point for financing coastal resilience (One Planet Network & UNEP, 2022; Subnational Climate Fund, 2025).

1.1. Methodological Integration with NaTour4CChange

These financing guidelines are not a standalone tool but an integral part of the NaTour4CChange 7-Step Methodology for the design of Nature-based Solutions. Specifically, this document provides the technical framework for Phase 4.4 (Economic and Financial Feasibility Analysis). By aligning financial planning with the initial Step 1 (Opportunity Spaces) and Step 2 (Challenges and Stakeholders), we ensure that the selected financing mechanisms are directly rooted in the socio-ecological reality of the destination, avoiding isolated interventions that could lack long-term sustainability.

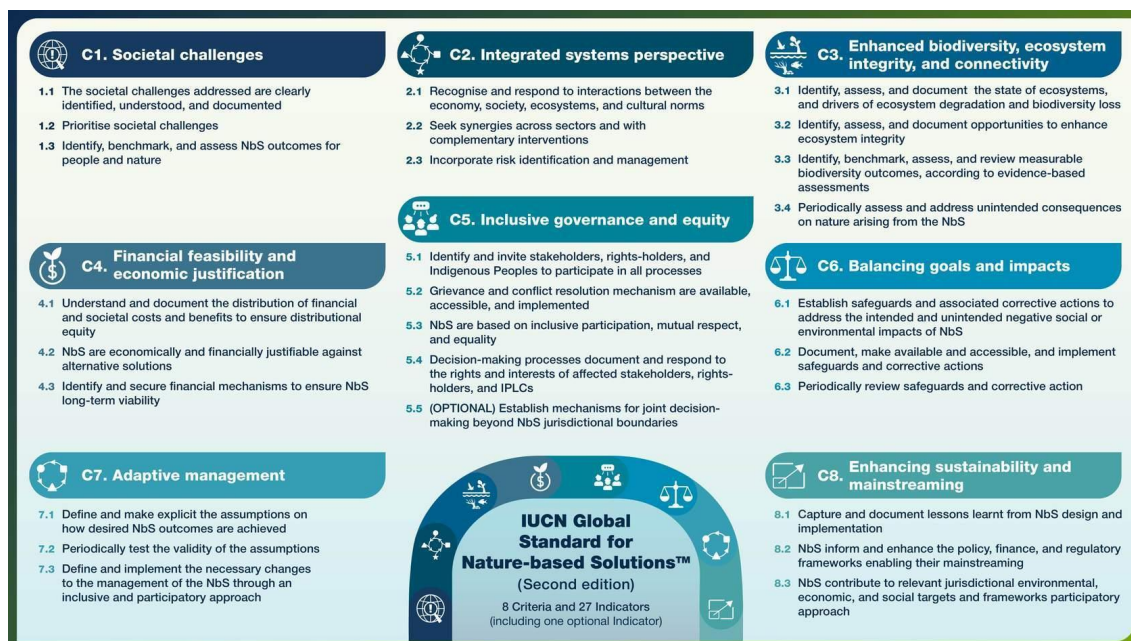


Figure 1: IUCN Global Standard for Nature-based Solutions™ 2nd edition — Overview of the eight criteria and 27 indicators; Source IUCN (2026)

To ensure that the financing mechanisms presented in this guide align with the IUCN Global Standard for Nature-based Solutions (2nd edition) (Figure 1), a shift in economic assessment is required (see Figure 1). Economic viability in NaTour4CChange is defined not only by the capacity to secure funds but also by the efficiency and value generation of the solution over time. This corresponds directly to Criterion 4 (Economic Viability) of the IUCN Global Standard, which requires that NbS demonstrate cost-effectiveness, equitable benefit distribution, and long-term financial sustainability.

For this purpose, every NbS investment should be evaluated against traditional 'grey' infrastructure. NbS often present lower long-term maintenance costs and higher resilience against climate-driven economic shocks. Furthermore, NbS provide co-benefits, often overlooked in conventional financial balances, that can be monetised through innovative schemes like Nature Credits or specialised tourism fees, effectively diversifying the destination's income and protecting its primary source of wealth.

To ensure the practical applicability of these guidelines, the selection of any financial mechanism must address the critical gaps identified in the feasibility assessments of the pilot destinations. Primarily, this involves overcoming legal readiness barriers to ensure that funds from eco-taxes or tourism fees are effectively earmarked for restoration and establishing economic baselines to quantify the value of coastal services. Furthermore, following Step 2.3 of the methodology, financing must be underpinned by a multi-actor governance model.

This means transitioning from passive consultation to active co-investment, where Destination Management Organisations (DMOs) and private tourism operators play a central role in the financial sustainability of the NbS. The building blocks for achieving this are elaborated in Section 7.1.

This financing guide is designed to be used in conjunction with the NaTour4CChange NbS Feasibility Report (D3.6.1), which provides a structured assessment of NbS proposals against the eight criteria of the IUCN Global Standard. Together, these tools ensure that financial planning is grounded in a robust evaluation of ecological, social, and governance dimensions (Figure 2).



Figure 2: Conceptual framework of Nature-based Solutions; Source: Cohen-Shacham et al. (2016)

2. Five Financial Mechanisms: From Basic Revenue to Strategic Autonomy

Securing sustainable finance for Nature-based Solutions (NbS) in Mediterranean Marine Protected Areas (MPAs) requires moving beyond traditional grants and strategically navigating a spectrum of instruments, from non-repayable to repayable mechanisms (Finance for Biodiversity Initiative, 2022). **This guide presents a progressive set of five complementary mechanisms, deliberately selected for their possible applicability in European and Mediterranean tourism destinations.**

The mechanisms presented below are designed to help NbS practitioners meet the requirements of Criterion 4 (Economic Viability) of the IUCN Global Standard, which calls for a clear understanding of costs and benefits, comparative cost-effectiveness against alternatives, and a credible long-term financing strategy.

The first four mechanisms are designed to generate new, dedicated revenue streams by creating a direct, visible, and accountable financial flow from the tourism sector (a primary beneficiary) towards the ecosystems it depends upon (One Planet Network & UNEP, 2022; Subnational Climate Fund, 2025). The fifth mechanism, the Revolving Conservation Fund, represents an advanced strategic goal: a tool to multiply and perpetuate capital once initial

revenues are secured and a model already proven in the region (MedPAN, 2022).

The selection criteria prioritised instruments that: (1) align with EU policy goals of fostering circular and sustainable tourism, (2) are scalable within the legal and market frameworks of Mediterranean destinations, and (3) build long-term resilience. While traditional EU funding programmes, such as Interreg MED, URBAN, or PRIMA, remain crucial for seeding innovation and co-financing initial studies (Plan Bleu, 2023), their inherently competitive and project-based nature often fails to guarantee the sustained operational financing that MPAs critically need. The first four mechanisms (2.1 to 2.4) offer managers a way to leverage such public grants and establish autonomous revenue.

The fifth mechanism, the Revolving Conservation Fund (2.5), represents an advanced, strategic objective. It is the logical culmination of this financial journey: a tool to multiply and perpetuate capital once initial revenues are secured. While its upfront requirement for seed capital makes it less suited as a first step, it is a proven model in the region (MedPAN, 2022) and a powerful target for achieving full financial resilience.

The following financial instruments detail the implementation of two primarily non-repayable mechanisms (Sustainable Tourism Contribution, Destination Certification), two repayable or investment-based models (Public-Private Partnerships, Payments for Ecosystem Services), and finally, the capital-recycling model of the Revolving Fund. Each is presented with actionable steps and a Mediterranean pilot case, providing a realistic pathway from concept to implementation and, ultimately, towards financial autonomy. The following maturity axis (Figure 3) illustrates the progression from simple fee-based systems to complex blended finance structures.

NbS Financing Mechanisms — Maturity Axis

From basic revenue generation to strategic financial autonomy



M1-M4 build independent revenue streams | M5 multiplies existing capital — IDENTIFY THE RIGHT STARTING POINT FOR YOUR NbS

Figure 3: The Financial Maturity Axis for NbS in Mediterranean Destinations; Source: Own elaboration

2.1. Sustainable Tourism Contribution (Eco-Tax)

The critical distinction is not whether a tourist tax exists but how its revenues are spent. A Sustainable Tourism Contribution is a mandatory, reduced-fee charge applied per night stay or, in some cases, per entry to a protected area. Its fundamental characteristic is that the income is legally linked to finance specific conservation and sustainable management projects within the destination, creating a recurring and predictable cash flow. Sustainable tourism taxes represent the most immediate polluter-pays and user-pays mechanism for Mediterranean destinations. However, to comply with IUCN GS Criterion 4, these taxes must transition from general fiscal revenue to Earmarked Funds.

The difference with conventional municipal tourist taxes is that many Mediterranean destinations already apply municipal tourist taxes, but these revenues typically flow into the general municipal budget, where they are often spent on conventional tourism infrastructure to adapt the village capacity, as most of the destinations double their population during summer. This investment can promote a self-defeating cycle, as more infrastructure can lead to greater environmental degradation, diminishing the destination's long-term appeal and fiscal base, a fate that has already overtaken many of the Mediterranean's once-picturesque coastal villages. The problem is not the absence of a tax but the absence of legal earmarking for conservation. This is where a well-designed Eco-Tax can create the difference. The Balearic

Islands example below demonstrates how earmarking, transparent governance and public dashboards can break this cycle.

Key Steps for Implementation

1. **Legal and Market Feasibility Analysis:** Verify the legal competence (municipal, regional, national) to establish the rate. Analyse the volume of overnight stays and calculate a low initial fee (e.g., €0.50-€1.50/night) to minimise resistance and adapt to an effective collection rate depending on the average number of nights per visitor.
2. **Transparent Governance Model:** Establish, from the beginning, a Joint Management Committee with representatives of the tourism sector (hotels, apartments), the public administration and the protected area. This committee must approve the annual investment plan.
3. **Proactive Communication and Marketing of the Fund:** Develop a clear communication campaign for tourists, explaining the specific destination of their contribution (e.g. "Your euro restores the dune"). Create an online public panel that shows in real time the collection and the projects financed, as was done in the Balearic Islands¹ to gain trust through transparency.
4. **Establishment of the Collection Mechanism:** Adopt the simplest system: integrate it into the accommodation collection system, which then settles it quarterly to a specific account managed by the committee.
5. **Rapid Implementation of a Visible Pilot Project:** Allocate part of the first proceeds to a high-profile, quick-impact project (e.g., renovating a trail, installing walkways) to demonstrate tangible results and build political and social support.

Recommended Cases

Eco-tax systems are ideal for consolidated and mature tourist destinations with a high volume of overnight stays that are easily quantifiable, where pressure on ecosystems is evident for the community. These mechanisms are especially useful when the relationship with the destination management organisation (DMO) is complicated, as they can be promoted through municipal ordinances without requiring complex inter-institutional coordination.

For pilot destinations considering this mechanism, the NbS Feasibility Report (D3.6.1) provides a structured approach to assessing legal readiness, estimating revenue potential, and designing the governance model required to meet IUCN GS Criterion 4 requirements for ring-fenced, transparently

¹ Link to the Sustainable Tourism Tax or ITS used in the Balearic Islands since 2016:
<https://illessostenibles.travel/en/sustainable-tourism-tax/what-is-its#firstPage>

managed funds. A leading reference in this regard is the Sustainable Tourism Tax (Impuesto de Turismo Sostenible, ITS)¹ implemented in the Balearic Islands since 2016, which applies a modest nightly fee and has allocated over €900 million to conservation projects, including the protection of Cabrera National Park and investments in water circularity. The Balearic model stands out for its participatory governance structure, involving a joint committee with public, private, and environmental representatives, and its pioneering use of public online dashboards showing real-time revenue allocation, demonstrating how a well-designed eco-tax can effectively meet the earmarking and transparency standards required under IUCN GS Criterion 4.

Implementing a climate-related tourist tax is no longer just an environmental option; it is a vital fiscal necessity. Recent macroeconomic modelling of Mediterranean municipalities demonstrates that climate change severely erodes local fiscal bases, such as land value and tourism revenues (Plan Bleu & UNEP/MAP, 2025). Under a pessimistic climate scenario, Italian municipalities alone could face a loss of over €1.2 billion in local tax revenues by 2050, with Turin losing over 6% and Milan and Catania losing around 5% of their revenues. Expanding climate tourist taxes, particularly in coastal destinations, allows local authorities to counteract this revenue loss, applying Pigouvian taxation principles to directly fund NbS and adaptation measures that protect their primary economic assets."

2.2. Public-Private Partnerships for Green Infrastructure

Public-Private Partnerships (PPPs) for green infrastructure are long-term contractual agreements between a public authority (e.g., the protected area manager or municipality) and one or more private partners (e.g., a consortium of hotels or tour operators) to co-finance, co-design, build, maintain, and sometimes commercially operate a specific NbS infrastructure, such as a boardwalk, a viewing platform, or a mooring buoy system.

Key Implementation Steps

1. **Identification of a Bankable Project²:** Select a discrete infrastructure piece with defined costs, whose benefit to private partners is direct and quantifiable.
2. **Creation of a Clear Legal Structure (SPV):** For projects of a certain scale, establishing a Special Purpose Vehicle (SPV)—a limited liability company jointly owned by public and private partners—is

² **Technical Definition: Bankable Project:** a proposal that is professional and transparent enough to attract investors. Normally carries a risk-return profile that meets the criteria of lenders or investors (Banks). In NbS, it implies that the environmental benefits are clearly linked to financial stability or cost savings.

recommended. The SPV signs the contract, manages the budget, and is responsible for execution, isolating risks and clarifying accountability. (e.g., Eco-moorings established by MPA managers and a local nautical consortium) Ensuring that the agreement is legally bounded for a time period enough to obtain ecosystem benefits.

3. **Negotiation of the Agreement and Business Model:** The Memorandum of Understanding (MoU) must detail precisely each party's investment percentage and maintenance responsibilities for 10-20-30 years, reflecting the natural asset's life and useful time, and any associated commercial exploitation rights .
4. **Co-Marketing and Success Communication:** All parties should commercially leverage the investment. Create a shared brand or marketing campaign to communicate the project as an example of collaborative leadership.
5. **Monitoring and Contract Renewal:** Establish periodic reviews of the infrastructure's condition and partner satisfaction. It is important to define final ownership of residual assets and establish clear exit clauses that include financial guarantees like restoration bonds or escrow accounts (guarantee deposit designed to cover private partner withdrawal and dismantling costs). The success of the first project is the basis for renewal and expanding the PPP through time and new interventions.

Recommended Cases

Ideal for tangible, localised infrastructure projects whose economic benefit for a specific group of companies is evident. Perfect when a group of businesses (e.g., tour operators using the same beach) is willing to act collectively.

In several Mediterranean Marine Protected Areas, Public-Private Partnerships have been used to fund eco-mooring networks. These systems prevent anchor damage to *Posidonia oceanica* meadows while allowing nautical tourism to continue. The investment is often shared between the MPA management (public) and nautical clubs or diving centres (private), ensuring the maintenance of the natural capital that attracts tourists. (MedPAN 2025)

MPA managers typically face 1-3 year budget cycles, making 15-25 year PPP commitments challenging. Private partners need to secure benefits and long-term commitments for investment. The safeguards described above (asset reversion, escrow accounts, minimum duration) are designed to protect the partnership precisely against this temporal mismatch.

2.3. Destination Certification & Branding Scheme

A Destination Certification and Branding Scheme is a local sustainable quality seal, managed by the Destination Management Organisation (DMO) or a mixed entity, that recognises tourism businesses (accommodations, restaurants, guides) complying with a predefined set of environmental and social criteria. The financial innovation lies in the fact that a significant portion of the annual certification fee is directed to a common fund to finance NbS in the protected area, creating a direct link between the tourism business and ecosystem health.

Key Implementation Steps

1. **Adaptation instead of creation:** Instead of developing criteria from scratch, adapt and localise the indicators from recognised global standards such as the Global Sustainable Tourism Council (GSTC) Criteria (a widely accepted international benchmark for sustainability in travel and tourism), the Blue Flag programme (for coastal and marina standards), or the European Charter for Sustainable Tourism in Protected Areas. Then, add 2-3 concrete, local requirements with high impact, such as obligating businesses to source a percentage of food locally or to participate in citizen science initiatives like seagrass monitoring.
2. **Design of the Financing Model:** Establish a tiered certification fee (e.g., for SMEs and large chains). Stipulate that, for example, 70% of this fee is paid into a transparently managed "Destination Conservation Fund". The remaining 30% covers administrative costs and audits.
3. **Launch with Local Champions:** Recruit an initial group of 8-10 leading and committed businesses to certify at a subsidised rate or for free in

the first year. Their experience and testimonial will be the best marketing.

4. **Aggressive Brand Marketing:** The DMO integrates the seal's brand into all its promotion, creating a dedicated section on its website for "Certified Accommodations" and prioritising these businesses at trade fairs. Explicitly link the choice of these establishments with destination conservation.
5. **Circular Impact Demonstration:** Publish annual reports showing certified businesses whose NbS projects have been funded with their fees (e.g., "Thanks to you, we have restored 500 m of dunes"), closing the loop and encouraging renewal.

Recommended Cases

Ideal for destinations that compete in a saturated market and need a clear differentiating factor, or those with an iconic and fragile ecosystem central to their tourism offer. Works best where the DMO is strong and committed.

A relevant example is the "*Esprit Parc National*" brand in France. This certification, managed by the French National Parks, recognises tourism professionals who commit to the protection of biodiversity and the promotion of local heritage. Certified businesses benefit from the high-value branding of the National Park, while their compliance ensures that tourism activities act as a driver for conservation rather than degradation. In areas like the Camargue or Port-Cros, this scheme integrates local guides and providers into the park's strategic NbS and monitoring objectives³ (French National Parks, 2024).

2.4. Payments for Ecosystem Services

Payments for Ecosystem Services (PES) are voluntary and conditional agreements between a "buyer" (a beneficiary of an ecosystem service, such as a hotel) and a "seller" (the entity ensuring the provision of that service, such as the protected area manager). The buyer makes a payment only if the previously defined and measured ecosystem service is maintained or improved, aligning economic incentives with conservation outcomes

Key Implementation Steps

1. **Rigorous Service Identification and Quantification:** This is the most critical and technical step. The ecosystem service must be defined (e.g., "coastal protection from storms", "landscape and bathing water quality") and then establish 2-3 scientifically sound, long-term metrics to measure the service's delivered outcome for the beneficiary. Move beyond solely measuring the ecosystem's state. For seagrass-mediated water quality, for example, combine direct measures like beachfront water turbidity with a robust proxy like seagrass meadow area in good health, supported by a periodic ecological audit. Critically, the contract must mandate and fund a multi-year monitoring plan conducted by a credible third party to ensure payments are strictly linked to verified, sustained ecosystem performance.
2. **Results-Based Contract Negotiation:** The contract is not for "activities" but for "**verified results**". A baseline, improvement targets, and a price per unit of service maintained are established. Payments are annual and subject to verification.
3. **Guidance on Calculation & Pricing:** The price per unit is typically determined using one of these methods:
 - **Cost-plus-opportunity:** The cost of managing the NbS plus any income the "seller" (MPA or municipality) may lose by choosing conservation over other actual activities. *Typical magnitude: €5,000–€100,000/year. Low complexity: It can be calculated by local managers.*

³ Link to the brand created by the French National Park, Esprit Parc National:
<https://www.espritparcnational.com/en>

- **Replacement Cost:** The cost the "buyer" (hotel, eco-tourism service provider) would incur to build and maintain a grey infrastructure (like a sea wall) to get the same protection. *Typical magnitude: €50,000–€500,000/year. Medium complexity: requires basic engineering or construction estimates*
 - **Economic Value at Risk:** Calculating the potential loss the business will lose if the natural asset disappears. For example, if a beach erodes and room revenue drops by 20%, the payment is set as a fraction of that "Value at Risk". *Typical magnitude: €100,000–€2,000,000/year+. High complexity: typically requires external technical support*
4. **Independent and Transparent Verification:** The measurement of metrics must be carried out (or audited) by a credible scientific third party, like a local university. An annual verification report should trigger the payment.
 5. **Communication as a Strategic Investment:** The buyer (hotel) should communicate its participation not as a donation but as a "strategic investment in its core operational asset". The PES agreement can be used in its corporate responsibility marketing.
 6. **Replication and Scaling:** A successful PES agreement with one "pioneer buyer" serves as a demonstration case to involve other beneficiaries, potentially evolving into a collective fund with multiple contributors.

PES schemes should also be strategically designed to ensure a **'just transition' for coastal populations** (Plan Bleu and UNEP/MAP, 2025). In the Mediterranean, establishing no-take zones to restore Posidonia and marine biodiversity can temporarily restrict local livelihoods, such as those of artisanal fishers. PES can be utilised to offer direct compensatory monetary benefits to these lower-income groups in return for their active engagement in conservation and restoration activities.

This approach transforms local stakeholders into ecological stewards, fostering economic empowerment and ensuring high social acceptability for the NbS.

Recommended Cases

Ideal for situations where there is a clear and spatially defined causal link between a managed ecosystem and a direct economic benefit for a limited number of actors. Perfect for ecosystems providing highly valued regulating services (protection, purification) like Posidonia sea meadows.

Successful applications of this model can be found in the Mediterranean, such as the **Save Posidonia Project**⁴ in the Balearic Islands, where local businesses and nautical sectors contribute directly to the maintenance of seagrass meadows to guarantee the water transparency and coastal protection their clients demand (Cosell Insular de Formentera, 2017). As well as ARTEMIS project (ARTEMIS 2024). This approach is further professionalised by the **French Label Bas-Carbone** and its specific **Herbiers de Posidonie**⁵ methodology, which provides a rigorous framework for quantifying the ecological services of seagrass. This allows private entities to invest in restoration projects with verified climate and biodiversity outcomes, effectively transforming the conservation of the seabed into a strategic asset for the regional blue economy (Ministère de la Transition Écologique, 2024).

Why this matters: A healthy seagrass meadow protects the coast and keeps water clear, services that would cost far more to replace with artificial structures. Unlike concrete, the meadow also stores carbon (known as blue carbon), supports fisheries, and grows stronger over time. This is why France now certifies seagrass restoration through the Label Bas-Carbone, allowing private investment in conservation with verified carbon credits in return.

Alignment with IUCN Global Standard (2nd edition): PES schemes directly support several IUCN criteria. They address a societal challenge (Criterion 1), deliver measurable benefits for biodiversity (Criterion 3), and create a long-term, results-based funding stream that ensures economic viability beyond short-term grants (Criterion 4). The requirement for independent monitoring and verification also builds in adaptive management (Criterion 7), allowing the scheme to adjust based on performance.

2.5. Revolving Conservation Fund: The Capital Multiplier for the Future

A Revolving Conservation Fund is a dedicated financial vehicle that uses an initial capital injection or **seed capital**⁶ to issue concessional loans, grants

⁴ Link to Save Posidonia Project PES example. The project started in 2017 and remains active, with over 250,000 m² of seagrass meadows sponsored by private donors to fund continuous ecological monitoring and restoration: <https://www.saveposidoniproject.org/en/>

⁵ Link to the French Label Bas Carbone and Herbiers de Posidonie methodology. PES and blue carbon initiative: <https://label-bas-carbone.ecologie.gouv.fr/la-methode-herbiers-de-posidonie>

⁶ **Technical Definition: Seed Capital** is the initial setup funding used to start the fund's operations. Unlike a traditional subsidy that is spent once, seed capital in a revolving fund acts as a permanent base that is loaned out, repaid with interest, and then loaned again to a new project.

with repayment upon success, or guarantees to local businesses, cooperatives, or community groups for implementing NbS.

As capital is repaid, it returns to the fund, creating a self-replenishing cycle that transforms one-off subsidies into a perpetual engine for green investment, embodying the core principle of blended finance (GFDRR, 2021; Subnational Climate Fund, 2025).

A particularly innovative variant is the **Pay-for-Success Fund**, which blends a grant with a conditional repayment clause; funds are recovered only if the project succeeds in generating verifiable revenue or savings, such as a share of the cost reductions from a resource-efficiency retrofit, aligning repayment directly with proven financial performance.

Key Implementation Steps

1. **Build the Case and Coalition:** Document the latent demand from local SMEs for green financing. Forge a coalition with a credible financial intermediary (e.g., a cooperative bank or a development finance institution) and a potential anchor donor (philanthropy or a development agency).
2. **Secure Anchor Seed Capital:** Identify and secure the critical non-repayable capital to launch the fund. This is the primary barrier. Sources can include philanthropic grants (e.g., from foundations like MAVA or Prince Albert II), dedicated EU project grants (LIFE, Interreg), or a strategic allocation from future revenues of other mechanisms in this guide.
3. **Design the Fund's Charter:** Define in a formal charter eligible borrowers and partners (e.g., hotels, eco-guides, fisheries co-ops for specific NbS), loan terms (amounts, interest rates, grace periods), governance (independent board), and impact measurement framework.
4. **Partner for Execution:** Formalise a partnership with a local financial institution to handle due diligence, disbursement, and loan recovery, leveraging their expertise while the protected area manager focuses on technical assistance and impact oversight.
5. **Launch with Champions & Communicate Rigorously:** Start with a small cohort of high-potential, credible borrowers ("champions") to de-risk the first cycle.

Publicly report on both financial performance (repayment rates) and ecological impact, building a track record to attract additional capital.

Recommended Cases

This mechanism is not typically applicable as a first-step intervention in the pilot sites considered in this guide due to the significant challenge of securing the initial seed capital. However, it is essential for managers to

understand these models as a strategic resource for the future. Once a destination has established a steady revenue stream (such as an Eco-Tax), a Revolving Fund can be used to maximise that capital, turning one-off grants into a permanent pot of money for local green investment.

A key reference for this model is The MedFund, which operates as an environmental trust fund and was created in 2015 by France, Tunisia and Monaco. It manages **capital to provide long-term, stable funding specifically to cover** the day-to-day "core" **operating costs of Mediterranean MPAs**, ensuring they don't depend solely on temporary project grants⁷ (The MedFund, 2015). Another vital example is the revolving fund established in Al Hoceima (Morocco) by the association AGIR, with initial support from the MAVA Foundation. This fund provides micro-loans to small-scale fishers to help them buy sustainable gear; as fishers repay these loans with their earnings, the money returns to the fund to be loaned out again to others, creating a self-sustaining cycle of support that fosters traditional practices that were disappearing⁸ (BlueSeeds, AGIR & MAVA, 2020)

3. ROI Analysis for Mediterranean NbS: From Ratios to Reality

Global reports often highlight impressive Return on Investment (ROI) ratios for Nature-based Solutions (NbS), such as 3:1 or even 5:1 (World Bank, 2021; UNEP, 2022). But what do these figures actually mean?

Simply put, an **ROI of 3:1 indicates that for every 1 euro invested, 3 euros are returned in economic, social, and environmental benefits**. While compelling, these figures come from global analyses that aggregate heterogeneous ecological and economic contexts. For local Mediterranean decision-makers, these broad ratios can feel abstract unless translated into a concrete, transparent logic. This section adapts them to the Mediterranean tourism economy, using a dune restoration example as a template—while clarifying the assumptions behind the numbers.

Example of ROI Calculation: Dune Restoration

- **Cost or Investment: €50,000** per kilometre for restoration, native planting, and protective fencing (initial CAPEX). Ongoing operational costs (OPEX) over 10 years are estimated at €5,000/year for monitoring and minor maintenance, amounting to €50,000.

⁷ Link to the Environmental Trust Fund for Mediterranean Marine Protected Areas, the MedFund.
<https://themedfund.org/en/>

⁸ Link to AGIR, the association that holds the Revolving Fund for financing sustainable fisheries:
<http://www.agir-env.org/>

- **Annual Tourism Value Protected or Protected Asset:** 1 km of stable beach may support **€500,000** in seasonal tourism revenue (e.g., from concessions, sunbed rentals, adjacent services and hotel nights). However, the intervention only protects the incremental value at risk—i.e., the additional revenue that would be lost without restoration.
- **ROI Calculation: Avoiding Loss is a Gain:**
 - **Annual Avoided Loss:** Unchecked erosion could cause a conservative **10% loss** of that revenue, or **€50,000 per year**. This €50,000 (not the full €500,000) is the annual benefit directly attributable to the dune restoration.
 - **Cumulative Value & Avoided Costs:** Over **10 years**, the dune protects €50,000/year in avoided losses = **€500,000 cumulative**. Additionally, it also avoids the need for artificial beach replenishment (which can cost €200,000 every 5 years = €400,000 over 10 years).

Total benefits = €900,000.

Total Costs (10 years): Initial CAPEX €50,000 + OPEX €50,000 = €100,000.

- **The Final Ratio:** €900,000 benefits / €100,000 costs = 9:1 before discounting. Applying a conservative 4% discount rate and including contingencies brings the ratio to a defensible ~5:1 ROI. This is still a compelling result and more credible with financial audiences than conflating total asset value with intervention value.

Comparison with Traditional Marketing: Investing **€100,000** in a digital marketing campaign might yield a **15% booking increase for one season**. The same sum invested in restoring a dune system protects the core asset in perpetuity, **securing all future seasons' revenue**, a fundamentally different and more sustainable ROI.

3.1 Evolution to SROI: Capturing the hidden benefits

While the ROI above focuses on direct financial gains, it often misses the "hidden" value of nature. This is where Social Return on Investment (SROI) becomes critical. SROI does not only look at the money saved; it assigns value to the Co-benefits that otherwise stay in the "limbo" of accounting and therefore it is starting to be commonly used to capture the co-benefits provided by NbS

Biodiversity Value: The return of endangered species in the new habitat created by the dune

- **Climate Mitigation:** The carbon is sequestered by the restored vegetation, as well as protection from the increasing winter storms.

- **Social Well-being:** The increased recreational value for the local community and mental health provided through natural spaces.

SROI Narrative: If the Dune ROI is 5:1 in cash terms, its SROI might reach 15:1 if we take into account the community's resilience and the long-term health of the ecosystem that the first investment will not reach by itself.

3.2 A Universal Template for Valuing NbS

This analytical framework extends far beyond dune restoration. The same three-step logic applies to any Mediterranean NbS to create a robust business case:

1. **Quantify the economic value of the healthy ecosystem (The Asset)**
2. **Model the annual financial risk of its degradation (The Cost of Inaction)**
3. **Compare the Inaction Cost to the required NbS Investment**

For instance, a *Posidonia oceanica* meadow is not merely a habitat; it is a multi-service asset. Its economic value encompasses avoided coastal erosion costs (protection), sustained fish stocks (fisheries), and the pristine water clarity that underpins the quality appeal of the destination.

Applying this structured template transforms generic ROI ratios into a compelling, location-specific narrative that resonates with financial decision-makers.

This represents a fundamental paradigm shift in destination management. Contrast different ways of spending €100,000.

- **Option A (Marketing):** A digital campaign may generate a temporary revenue spike for one season. Once the budget is spent, the effect fades. It is an ephemeral promotional expense.
- **Option B (Grey Infrastructure):** Building a concrete seawall protects the coast but often destroys the beach in front of it and requires constant, expensive repairs. It is a depreciating engineering cost.
- **Option C (NbS – Seagrass/Dune Restoration):** This is a strategic capital investment in permanent ecological infrastructure. Unlike concrete, a healthy ecosystem can self-repair and grow stronger over time, safeguarding the destination's core appeal for all future seasons.

Investing in NbS is the shift from spending on promotion to investing in the protected asset itself.

4. Critical Barriers, Risks, and Contingency Plans

Implementing these financial mechanisms is not merely a technical exercise; it is a complex socio-political endeavour. Success requires anticipating and proactively managing a spectrum of interconnected barriers. Beyond the immediate challenges of securing upfront capital and specialised staff for feasibility studies, managers face deeply rooted risks: the political reluctance of leaders focused on short-term electoral cycles to invest in long-term NbS benefits; the financial vulnerability of revenue streams tied to volatile tourism markets; the social friction stemming from community mistrust or perceived inequity in benefit sharing; and a persistent governance gap in capacity and awareness to design, monitor, and communicate the value of NbS effectively.

The table below aligns with the risk categories identified in the IUCN Global Standard: **Criterion 5 (Inclusive Governance)** for political and social risks, **Criterion 4 (Economic Viability)** for financial risks, and **Criterion 6 (Balancing Trade-offs)** for coordination and equity risks. Each contingency plan is designed to turn potential setbacks into opportunities for more inclusive and resilient implementation.

Barrier / Risk Category	IUCN Global Standard	Specific Challenges	Contingency Plans & Mitigation Strategies
Political & Legal	C5	• Resistance from local mayors fearing voter backlash against new fees. • Lack of political will to invest in NbS with medium-to-long-term benefits (short electoral cycles). • Changes in regional/national government policy undermining local schemes.	Plan B: Voluntary Leader Scheme - Coalition building: Start with a "Sustainable Business Pact", a <u>voluntary agreement</u> with pioneer hotels to contribute and be recognised. This builds a demonstrable track record and a powerful business coalition that can advocate for a mandatory scheme later, mitigating political risk by showing broad support and proven benefits.
Political & Financial	C4+C5	• The presence of environmentally harmful subsidies (EHS). Local or national policies may currently provide subsidies that favour rapid coastal urbanisation, mass tourism, or capacity-enhancing fishing, which actively undermine NbS efforts and deter	Plan B: EHS Audit & Reallocation. Before seeking new private funding, destinations should conduct a rapid audit to identify conflicting public spending. Reforming and redirecting even a fraction of these harmful coastal subsidies into beneficial grants for NbS can free up critical fiscal space for the municipality without the need to introduce new taxes.

Barrier / Risk Category	IUCN Global Standard	Specific Challenges	Contingency Plans & Mitigation Strategies
		private green investors.	
Financial	C4	• Sharp drop in tourist arrivals reduces fee revenue. • High upfront costs for technical studies and specialist staff (feasibility, design, monitoring). • Difficulty in accessing seed capital for revolving funds or pilot projects	Plan B: Sliding Scale & Resilience Fund: Design fees as a <u>small percentage of room rate</u> not a fixed amount (0.5%-1.5%), so revenue automatically adjusts with market prices. Mandate that 10-15% of annual revenues are allocated to a "Resilience Fund" during good years. This fund covers core monitoring and maintenance during lower years, ensuring the NbS survives economic cycles.
Coordination & Social	C5 + C6	• Mistrust from local communities (fishers, farmers) or businesses. • Lack of awareness and/or confidence in NbS effectiveness among stakeholders. • Benefits perceived to be captured only by large tourism businesses (equity issues). • Lack of a dedicated, skilled project manager to coordinate across sectors.	Plan B: Inclusive Governance & Co-design. Proactively build <u>trust and ownership</u> through inclusive governance (seats for community cooperatives on decision boards) and co-design processes (participatory workshops integrating traditional knowledge). <u>Ensure equitable benefit sharing</u> by directing a portion of NbS contracts to local SMEs. To steward this complex process effectively, prioritise securing a dedicated project coordinator from the outset, funded by the scheme or a start-up grant, to manage relationships and communication and <u>ensure long-term equity</u> .

¹ Pilot destinations should document their risk mitigation measures in Section 4.3 of the NbS Feasibility Report (D3.6.1), where contingency plans are formalised as part of the adaptive management framework required by IUCN Criterion 7.

5. Social Governance and Equitable Implementation

The long-term success of any financing mechanism depends on its social legitimacy. This is a core requirement of the IUCN Global Standard for Nature-based Solutions, specifically **Criterion 5 (Inclusive Governance)**, which demands that all relevant stakeholders are actively involved. It also connects to **Criterion 6 (Balancing Trade-offs)**, ensuring that benefits are distributed fairly and no group is left behind. Ensuring that the local community is the primary beneficiary is critical for the long-term maintenance of the solution.

- **Participatory Design:** From the outset, involve community representatives (fishers, farmers, small hoteliers, resident associations) in designing the mechanism. For example, in Villasimius, Sardinia, workshops with fishers led to NbS projects that improved seagrass health (for the ecosystem) and created no-fishing zones that acted as fish nurseries, boosting adjacent catches.
- **Equitable Benefit Distribution:** Structure PPPs and certification schemes to foster what is known as the Nature-based Economy. This involves empowering nature-based entrepreneurship among local small businesses, such as sustainable tourism startups, local native plant nurseries, or eco-certified guiding services. To ensure equity, mechanisms should offer scaled fees and technical support, ensuring that NbS-related job creation prioritises local hiring to prevent "social leakage" of benefits.
- **Transparent Communication & Adaptive Management:** Use clear visuals and local languages to show how funds are used. Annual "Community Impact Reports" should detail not just ecological gains but the socio-economic return (SROI), such as local contracts awarded and the strengthening of the local business fabric. This transparency allows for Adaptive Management (**Criterion 7 of the IUCN Standard**) based on community feedback.
- **Addressing Governance Friction:** Implementing NbS often involves navigating complex social dynamics. Following the IUCN Global Standard for NbS, governance must be inclusive and transparent. This means establishing clear rules for resolving disagreements between conservation managers and private operators over fund allocation. When a community rejects a proposed eco-tax, participatory workshops should align the mechanism with local expectations, avoiding top-down solutions. If consensus fails, pre-agreed voting rules (e.g., weighted votes or a neutral mediator) resolve disputes without blocking action.

The principles outlined here correspond directly to **Criterion 5 (Inclusive Governance)** of the IUCN Global Standard. Additionally, the participatory design process described supports **Criterion 6 (Balancing Trade-offs)** by ensuring that potential negative impacts are identified and addressed early, while transparent communication and adaptive management respond to **Criterion 7 (Adaptive Management)**. Pilot destinations will document their governance approach in Section 4.3 (Monitoring and Risk Management) of the NbS Feasibility Report, and their stakeholder engagement strategy in Section 2.2 of the same document.

6. Case Study Synthesis and Mechanism Tailoring

This **synthesis provides actionable recommendations for the seven pilot sites**, aligning priority Nature-based Solutions (NbS) with the most suitable financing mechanism and identifying key implementation risks.

When completing Section 3 (Financial Feasibility) of the NbS Feasibility Report (D3.6.1), pilot teams can use these tailored recommendations as a starting point for selecting and refining their financing strategy.

These case studies focus primarily on environmental pressures and potential NbS strategic responses. As these guidelines are intended to be actionable for project partners, local stakeholders are encouraged to adapt these examples to their specific institutional, legal, and socio-economic realities (e.g., EU-candidate status and local contexts). The following mechanisms should be viewed as illustrative starting points to be further tailored by local experts to ensure they reflect the real constraints and governance friction points of each destination.

Cap Ferrat / Nice, France

Priority NbS: The conservation and restoration of *Posidonia oceanica* meadows and the mitigation of coastal erosion within the protected area's boundaries are paramount.

Recommended Mechanism: A Payments for Ecosystem Services (PES) scheme, complemented by a High-End Certification. The PES would formalise contributions from luxury hotels and waterfront restaurants into a dedicated fund for seagrass monitoring and anti-anchoring buoy systems. An exclusive "Bay Guardian" certification would market this commitment to discerning travellers.

Key Risk & Mitigation: The primary risk is the limited jurisdictional reach of the protected area, which may restrict action. This is mitigated by focusing the PES on discrete, high-value ecosystem services (e.g., water clarity,

scenic views) that directly benefit adjacent businesses, creating a clear and manageable pilot zone that demonstrates value.

Dugi Otok, Croatia

Priority NbS: Implementing removable wooden walkways to prevent beach erosion by preserving *Posidonia* banquettes on the beach at key site Sakarun beach.

Recommended Mechanism: The Private Public Partnership is challenging in this case. NATURA-JADERA issues concession permits for, among other activities, also the catering activities on Sakarun beach, which is located in a protected area. The income from the issued concession permits ensures sustainable financing of the maintenance of the NbS solution.

Key Risk & Mitigation: Reluctance from tour operators and concessionaires to invest is a significant barrier. Mitigation involves building a compelling financial model that demonstrates how the walkways reduce long-term maintenance costs for their fixed assets and protect the beach's appeal, through its geological story and *Posidonia* protection as their primary revenue generator.

Cabo de Gata, Spain

Priority NbS: Restoring vulnerable fossil dune systems and developing sustainable mobility solutions to manage visitor flow and impact within the natural park.

Recommended Mechanism: A Sustainable Tourism Contribution (eco-tax). The destination's high and concentrated visitor volume provides an optimal base for a small per-night fee to create a reliable, ring-fenced conservation fund for conservation projects within the park.

Key Risk & Mitigation: Political resistance to new fees is likely. A successful strategy is to pilot a small, time-limited access fee for the most impacted park areas, and night stays with revenues transparently earmarked for highly visible, high-profile projects such as the renovation of a major dune trail, cleaning summer patrols, protection of sensitive coastal areas, and creating a tangible "win" to build public support.

Villasimius, Italy

Priority NbS: Dune restoration and the critical need for community economic diversification beyond the seasonal tourism peak.

Recommended Mechanism: Blended Finance combined with a community-focused PES. EU or national grants can cover core restoration costs, while a local "Community Benefit Fund" invites tourism businesses to contribute. In exchange, businesses receive co-branding opportunities.

Key Risk & Mitigation: The risks are a hyper-seasonal economy and lack of deep local engagement, which occurs already. Mitigation requires directing a portion of all funds to create off-season livelihoods linked to NbS, such as native plant nursery work or monitoring guardian roles, ensuring a year-round economic stake for the community.

Geopark of Crete, Greece

Priority NbS: Sustainable management of geo-trails and the professional certification of guides to minimise impact on sensitive geological heritage to be aligned with local businesses and certified providers.

Recommended Mechanism: A Destination Certification Scheme. Similar to the UNESCO Global Geopark status, a "Geopark Guardian" badge can be developed for accommodations, tour agencies, and guides that adhere.

Key Risk & Mitigation: The main risk is lack of market recognition and uptake. This is mitigated by bundling the certification with active marketing support on the DMO's official channels and in trade promotions, ensuring certified businesses gain a clear commercial advantage.

Hutovo Blato, Bosnia & Herzegovina

Priority NbS: Development of low-impact birdwatching infrastructure, such as boardwalks and observation towers, to facilitate ecotourism for locals and foreigners while protecting wetland habitats.

Recommended Mechanism: Blended Finance. As an emerging destination, upfront reliance on international grants (e.g., EU funds) is essential for core infrastructure. A forward-looking PES from tour operators can be structured to fund ongoing maintenance, ensuring sustainability.

Key Risk & Mitigation: The risk is long-term dependency on external grants. The mitigation strategy is to use the initial grant strategically to build not just viewing

infrastructure but also modest revenue-generating amenities (e.g., photography hides, a small visitor centre) that can contribute to operational costs in the future.

Protected Area	Priority NbS	Recommended Mechanism	Key Risk & Mitigation
Cap Ferrat / Nice (France)	Conservation and restoration of <i>Posidonia</i> meadows; mitigation of coastal erosion within protected area boundaries.	Payments for Ecosystem Services (PES) + High-End Certification. Establish a PES scheme where luxury hotels and waterfront restaurants contribute to a fund for seagrass monitoring and anti-anchoring buoy systems. Complement with an exclusive "Bay Guardian" certification.	Risk: Limited jurisdictional reach of the protected area. Mitigation: Focus PES on discrete, high-value ecosystem services (e.g., water clarity, landscape aesthetics) directly benefiting adjacent businesses, creating a clear, manageable pilot zone.
Dugi Otok (Croatia)	Removable walkways, <i>Posidonia</i> restoration.	PPP + Blue Certification. Partner with beach concessionaires to fund walkways; certify the beach to attract premium visitors.	Risk: Operator reluctance. Mitigation: Model ROI showing walkways reduce erosion maintenance costs for their fixed assets.
Cabo de Gata (Spain)	Dune restoration, sustainable mobility.	Sustainable Tourism Contribution. High visitor volume provides a solid revenue base.	Risk: Political resistance. Mitigation: Pilot a small, time-limited fee for park access, with revenues visibly earmarked for a high-profile dune trail renovation.
Villasimius (Italy)	Dune restoration, community economic diversification.	Blended Finance + Community PES. Use EU grants for core restoration, paired with a local "Community Benefit Fund" where tourism businesses contribute in exchange for branding and priority access to seasonal workforce training programmes.	Risk: Seasonal economy; lack of local engagement. Mitigation: Direct a portion of funds to support off-season livelihoods linked to NbS maintenance (e.g., nursery work, guardian roles), ensuring year-round community stake.

Geopark of Crete (Greece)	Geo-trail management, guide certification.	Certification Scheme. Build on UNESCO status with a "Geopark Guardian" badge for compliant businesses.	Risk: Lack of market recognition. Mitigation: Bundle certification with marketing support on the DMO's platform.
Hutovo Blato (Bosnia & Herzegovina)	Bird-watching infrastructure.	Blended Finance. Use EU grants for core build, with a PES from tour operators for ongoing maintenance.	Risk: Grant dependency. Mitigation: Use initial grant to build revenue-generating infrastructure (e.g., photo hides, visitor centre).

7. From Implementation to Scale: Foundational Tools and Strategic Pathways

This guide concludes by providing visibility of what bankable NbS projects require and a strategic orientation toward long-term, transformative funding. Rather than offering simplified templates, this section illustrates the foundational building blocks that characterise investment-ready proposals, drawing on real Mediterranean examples. The goal is to demystify the journey toward financial maturity while acknowledging that full feasibility studies and bankable project development extend beyond the scope of this current deliverable.

7.1. Foundational Building Blocks for Bankable Projects

To understand what makes NbS proposals attractive to investors, it is useful to examine three building blocks that successful destinations typically develop. These are not required outputs of the current project but rather illustrate the level of rigour that bankability demands. Within NT4CC project, pilot sites can build upon work already initiated—particularly the stakeholder engagement processes developed for each Climate Action Plan.

1. **Building Block 1: The Project Concept Note:** Bankable proposals begin with a concise one-page summary translating ecological needs into investment language. Several complementary frameworks exist to guide this process. The GFDRR project preparation approach (World Bank, 2021) provides methodology for identifying feasible NbS investments, while the UNEP-WCMC & TBC Playbook (2023) offers guidance on engaging private finance. The concept of Bankable

Nature Solutions (BNS), championed by WWF and supported by IUCN Netherlands, demonstrates how NbS can generate financial returns alongside positive impacts (WWF, 2020). Synthesising these, a robust Concept Note should cover: The Problem & Cost of Inaction, Proposed NbS, Budget and Blended Finance Mix (e.g., 30% Interreg grant, 40% Sustainable Tourism Contribution, 30% private co-investment), Timeline, Key ROI Metrics, and Mitigation Strategies. This aligns with **Criterion 1 (Societal Challenges)** and **Criterion 4 (Economic Viability)** of the IUCN Global Standard, requiring that NbS clearly articulate the problem, the proposed solution, and the financial case.

2. **Building Block 2: The Stakeholder Engagement Map:** Robust projects are built on thorough understanding of the social landscape. Each pilot site has already developed stakeholder engagement processes for their Climate Action Plan, an invaluable starting point. To advance toward bankability, this initial mapping should be deepened to identify interests, influence, engagement pathways, and potential "champions". This approach aligns with Criterion 5 (Inclusive Governance) of the IUCN Global Standard for Nature-based Solutions, which requires that NbS

processes fully respect and integrate the rights and knowledge of all relevant stakeholders (IUCN, 2020). The Co-managed MPA/No-Take Zones project, coordinated by WWF Mediterranean (2023), illustrates how participatory governance with fishers and local communities is foundational to long-term financial viability. Pilot sites should revisit and update their stakeholder maps as NbS proposals evolve. This responds to **Criterion 5 (Inclusive Governance)** and **Criterion 6 (Balancing Trade-offs)**, ensuring that the rights, knowledge, and interests of all relevant stakeholders are integrated into the design and that unintended impacts are identified and addressed.

3. **Building Block 3: The Integrated Impact Framework (ROI + SROI):** Investment-grade proposals track both financial and broader social returns. As introduced in Section 3.1, Social Return on Investment (SROI) methodologies assign value to co-benefits—biodiversity, climate mitigation, and community well-being—that traditional ROI misses. A robust framework integrates ROI metrics (direct returns and avoided costs) with SROI metrics (valued co-benefits). This dual approach responds to Criterion 7 (Adaptive Management) of the IUCN Global Standard, which requires that NbS establish indicators to monitor benefits and enable learning over time (IUCN, 2020). The Seagrass Conservation and Blue Carbon Finance project in Tunisia (WWF France, 2025) exemplifies this, combining ecological monitoring with carbon finance mechanisms supporting fishers' transitions. BlueSeeds (2024) has also assessed financial flows for seagrass conservation across the Mediterranean, identifying models that can inform future bankable projects. This dual approach responds to **Criterion 3 (Biodiversity)** by tracking ecological outcomes, **Criterion 4 (Economic Viability)** by capturing direct returns and avoided costs,

and **Criterion 7 (Adaptive Management)** by establishing indicators that enable learning and adjustment over time.

Together, these three building blocks help NbS proposals meet key criteria of the IUCN Global Standard (2nd edition): they define a clear societal challenge (**Criterion 1**), ensure measurable benefits for biodiversity (**Criterion 3**), build a credible financial case (**Criterion 4**), guarantee inclusive governance (**Criterion 5**), balance trade-offs fairly (**Criterion 6**), and establish adaptive management to learn and adjust over time (**Criterion 7**).

In summary, a bankable NbS proposal must demonstrate: 1) a clear Concept Note articulating problem, solution and financial structure; 2) a robust Stakeholder Map ensuring social license; and 3) an Impact Framework capturing both ROI and SROI.

For managers seeking to progress toward investment readiness, these three components represent the natural next steps, building directly upon work already initiated within this project.

7.2. Strategic Funding Alignment for Long-Term Scale

The mechanisms in this guide create the stable, autonomous revenue needed for operations. To deepen your strategy, explore alignments with larger, competitive funding sources. This involves aligning project pipelines with:

- **EU Policy-Driven Funds:** Design projects that contribute to binding EU Nature Restoration Law targets and the European Green Deal, making them attractive for LIFE or Biodiversa Programme calls (for biodiversity), Horizon Europe (for innovation in NbS), and Interreg MED (for transnational cooperation). These grants are ideal for funding feasibility studies, pilot projects, and technical assistance that de-risk subsequent investments.
- **National & Regional Co-Financing:** Leverage EU Cohesion Policy Funds (ERDF, EAFRD) and national recovery and Resilience Plans (NextGenerationEU) that allocate significant sums for climate adaptation and green transition. These sources often require co-financing, which can be provided by the revenue streams from Mechanisms 2.1-2.4.
- **Catalytic Financial Instruments:** For large-scale, revenue-generating projects, explore debt or equity from the European Investment Bank (EIB) via facilities like the Natural Capital Financing Facility (NCFF). Monitor the growing blue economy finance landscape, including sovereign blue bonds and the EU Blue Invest Fund, which can finance sustainable marine infrastructure.

- **The Hidden Costs of Facilitation:** A critical but often overlooked aspect of NbS financing is the cost associated with process facilitation. Most financial mechanisms focus on capital investment, yet the 'soft' work of breaking down institutional silos, mobilising municipal departments, and engaging tourism stakeholders requires significant human and financial resources. These operating expenses are crucial for the long-term success of the intervention and should be explicitly budgeted within the financing strategy

The journey begins by securing your first revenue stream. Use that success to build a track record, strengthen partnerships, and position your pilot site or destination to strategically tap into this broader funding ecosystem, ensuring your NbS thrives beyond the lifecycle of any single project.



8. Conclusions

From Optimism to Operative Realism

Financing NbS requires moving from a vision of what should be funded to a pragmatic plan for what can be funded within existing constraints, capacities and political realities. This involves understanding not only the compelling ROI but also the political economy of your destination, the legitimate concerns of all stakeholders, and the need for adaptive, socially just governance. By using this guide, project stakeholders can develop proposals that are not only ecologically sound and economically viable but also politically astute and socially equitable, ensuring the long-term resilience of both nature and the communities that depend on it.

This guide has equipped Mediterranean pilot destinations with five proven mechanisms, ROI/SROI frameworks, and guidance on barriers and social governance. The building blocks illustrated in Section 7.1 build directly upon work already initiated in pilot sites, providing a clear pathway toward investment readiness without requiring what lies beyond this project's scope. Ultimately, destinations that thrive will be those recognising their natural assets not as tourism backdrops but as natural infrastructure requiring sustained investment. This guide has provided the framework and evidence. The work of implementation now begins—one beach, one meadow, one partnership at a time.

The next step for pilot destinations is to apply the frameworks in this guide within the NbS Feasibility Report (D3.6.1), using the tailored recommendations from Section 6 to complete their financial viability assessment and action plan. This will ensure that the financing strategy is fully integrated with the ecological, social, and governance dimensions required by the IUCN Global Standard.

The second edition of the IUCN Global Standard (IUCN, 2025) (Figure 4) reinforces that successful NbS must be economically viable, socially inclusive, and adaptable over time. Pilot destinations can use the NbS Feasibility Report (D3.6.1) to document how their financing choices align with these principles, ensuring that financial sustainability is built on a foundation of social legitimacy and ecological integrity.

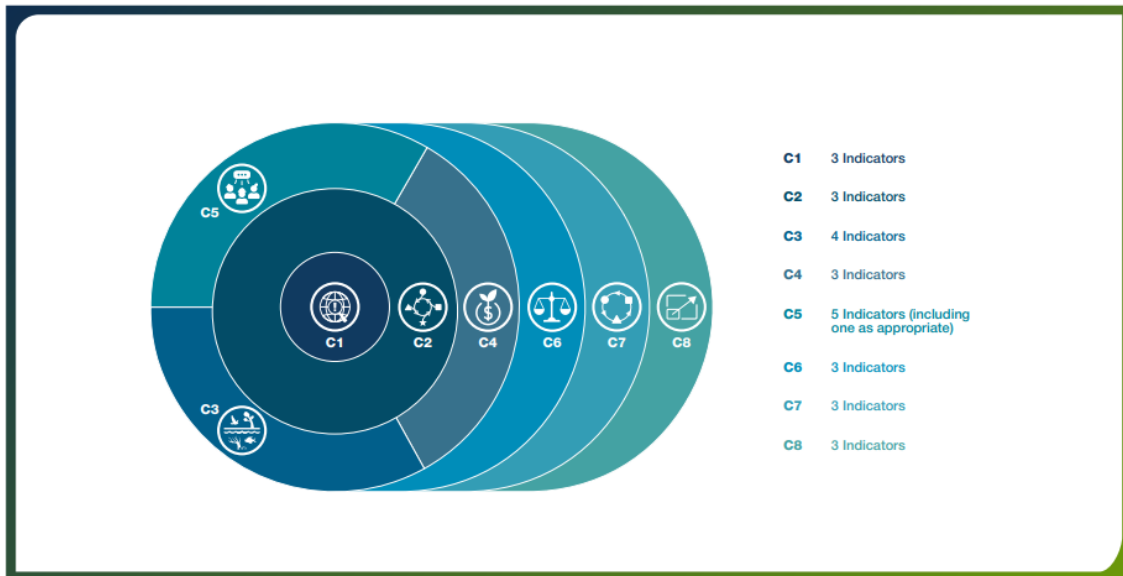


Figure 4: A schematic overview of the eight criteria and 27 indicators of the IUCN Global Standard for Nature-based Solutions™, Second Edition; Source: IUCN 2026.

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