

Urban Agenda for the EU



Greening Cities Partnership

Position paper to the
European Commission on
Urban Green Infrastructure (GI)
Funding

**Position
Paper**

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Author: Eilíen Crowley

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Contact: urbanagenda@urban-initiative.eu

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Executive Summary

This position paper has been prepared by the Urban Agenda Partnership on Greening Cities, a coalition of European cities, Member States, and EU institutions working together to strengthen the role of Green Infrastructure (GI) in urban environments. It presents a set of concrete recommendations aimed at improving funding mechanisms and ensuring a more strategic and systemic approach to financing urban GI across the European Union.

The central message of this paper is clear: urban Green Infrastructure is essential for climate resilience, biodiversity restoration, and the well-being of Europe's citizens. However, funding remains inadequate, fragmented, and difficult to access. Cities are committed to expanding GI but face significant financial and administrative challenges that prevent them from realizing their full green potential.

This paper is particularly relevant now, as the EU prepares its next multiannual financial framework and adapts funding mechanisms to align with the Green Deal, the EU Biodiversity Strategy 2030, and the Nature Restoration Law. With cities responsible for implementing much of Europe's sustainability agenda, it is critical that they receive the financial support necessary to deliver large-scale, long-term urban GI solutions.

The recommendations outlined in this paper build upon findings from a survey of 85 European cities, highlighting the key barriers to GI funding, including administrative complexity, lack of dedicated financing streams, and challenges in long-term maintenance funding. They are addressed primarily to the European Commission and EU policymakers calling for systemic reforms to ensure that GI investments are mainstreamed across EU and national funding frameworks.

By implementing these recommendations, the EU can bridge the funding gap, remove barriers, and empower cities to lead Europe's transition towards a greener, more resilient future.

Key Messages

- **Urban Green Infrastructure (GI) is essential** for climate resilience, urban biodiversity restoration, and the health and well-being of residents, but current funding is inadequate, poorly targeted and fragmented.
- **Cities are ready, but underfunded.** 85 European cities surveyed expressed a strong commitment to GI but face significant barriers, including complex funding processes, limited access to systemic financing, and challenges in long-term maintenance.
- **Funding mechanisms must evolve.** Simplified EU funding processes, national financing strategies, and innovative financial instruments are necessary for large-scale and sustainable urban GI implementation and maintenance

Core Recommendations

1. **Mandate ERDF Allocations for Urban GI:** Dedicate a fixed share (10-15%) of ERDF funds to urban GI under PO2 and PO5 for consistent, impactful funding across all Member States.
2. **Link Urban-Specific GI Strategies to ERDF:** Require managing authorities to support the funding of city level GI strategies in ERDF operational programmes, integrating ERDF funding into urban planning frameworks.
3. **Integrate Hard & Soft Funding in EU Grants:** Integrate urban specific GI priorities (funding hard and soft measures) across LIFE, Horizon Europe, Interreg Europe, URBACT, and the European Urban Initiative, to address fragmentation & improve access for cities.
4. **Ensure Long-Term Sustainability & Maintenance:** Secure funding for both the implementation and long-term upkeep of GI projects e.g. fund the first 25 years of GI maintenance within project budgets as flat-rate overhead costs, exempt from certification, detailed calculation, and ongoing reporting, to avoid administrative burdens and prolonged project timelines.
5. **Simplify Funding Processes and Improve Accessibility:** Streamline application and reporting procedures, lower thresholds for smaller cities, introduce an EU pre-financing mechanism for upfront GI costs, and establish a risk-sharing fund to attract private investment and reduce financial barriers.
6. **Incentivize Innovative & Blended Financing:** Introduce tax incentives, subsidies, and technical support for public-private partnerships (PPPs), green and biodiversity bonds, and carbon trading schemes, while creating flexible climate funds to attract private investment and diversify GI financing.
7. **Promote National Systemic Financing for GI:** Mandate the inclusion of a financing strategy in the development of national nature restoration plans. Include GI in national carbon markets and ecosystem services, and establish climate adaptation and biodiversity funds.

8. **Invest in Capacity Building & Technical Support:** Provide training, technical assistance, and knowledge hubs to strengthen urban GI planning and maintenance and their funding & financing.
9. **Develop Data & Decision Support Tools:** Fund smart technologies and Decision Support Systems (DSS) to optimize GI planning, monitoring, and impact assessment.

Call to action

The European Commission is called to take bold steps to bridge the funding gap and remove barriers preventing cities from achieving their green ambitions. Dedicated urban GI funding, simplified administrative processes, and innovative financing models are critical to empower cities to lead Europe's green transition.

Greener cities mean a greener, more resilient Europe in line with the Green Deal. Let's invest in that future.



Greening Europe's Cities

A call to Unlock Sustainable Funding for Urban Green Infrastructure through the upcoming EU budget

"Cities are the world's economic hubs, contributing 80% of global gross domestic product (GDP). Yet close to half (44%) of that contribution is at risk due to nature loss. This global economic threat underscores the significance of safeguarding cities and their inhabitants from nature-related risks through preserving and enhancing biodiversity and natural ecosystems" ¹

Urban areas are central to achieving the European Union's (EU) sustainability goals, particularly in addressing climate change, restoring biodiversity, public health and enhancing urban quality of life. Green Infrastructure (GI) defined as *"a strategically planned network of natural and semi-natural areas with other environmental features, designed and managed to deliver a wide range of ecosystem services, while also enhancing biodiversity"* is essential in this transition, offering environmental, social, and economic benefits. However, current funding mechanisms are fragmented and insufficient to meet EU targets, as reflected in our research and in survey findings from 85 European cities (Analysis of City Responses).

This position paper integrates insights from this survey and desk research and proposes a series of recommendations including strengthened urban GI priorities in EU funding programmes, systemic national financing sources, and mandatory ERDF allocations within partnership agreements and operational programmes. Through these recommendations, we call on the EU institutions to acknowledge the pivotal role of cities in advancing Europe's strategic objectives for the green and just transitions and to ensure they receive the necessary funding and support to meet the ambitious targets outlined in the EU's strategic agenda including the Nature Restoration Regulation and EU Biodiversity Strategy 2030 and increasing our resilience to climate change.

¹ [WEF Nature Positive Financing the Transition in Cities.pdf](#)

#1

Mandate ERDF Allocations for Urban GI in Partnership Agreements and Operational Programmes

1.1 Binding Targets for Urban GI (Recommendation 1)

We call for the introduction of a requirement on Member States to allocate 10-15% of ERDF under PO2 (A Greener Europe) and PO5 (A Europe Closer to Citizens) specifically for urban GI. The majority of cities back this approach to close existing funding gaps (Analysis of City Responses).

To ensure sustained investment in urban GI, we propose binding commitments at the Member State level, including penalties for non-compliance. This is crucial for meeting climate goals and addressing the current funding shortfall for nature protection and biodiversity. Under the mandated 8% for Sustainable Urban Development (SUD), only 4% of SUD ERDF² is currently allocated to GI in the Multiannual Financial Framework (MFF)—a gap that must be rectified.

Additionally, we call for a legally binding Urban GI investment target at the EU level to ensure all Member States allocate a minimum percentage of their national budgets—alongside ERDF and other EU funds—specifically to urban GI. Establishing a clear legislative framework would prevent funding fragmentation, ensuring consistent, sustained, and equitable investment in urban greening initiatives. A monitoring and reporting system should also be implemented to track ERDF allocations and measure the impact of urban GI projects.

1.2 Urban-Specific GI Strategies (Recommendation 2)

We support the mandatory inclusion of urban Green Infrastructure (GI) objectives in ERDF partnership agreements, ensuring clear targets, dedicated investment plans, and robust monitoring frameworks at the operational level.

To maximize impact, GI strategies must be fully integrated into broader urban policies, including climate adaptation plans, spatial and urban planning, biodiversity conservation, public health initiatives, and future national restoration plans. This integration must be backed by adequate and sustained funding mechanisms to ensure effective implementation.

² [Cohesion Data SUD Investment by Policy Objective](#)

#2

Evaluate and Refine EU funding programmes to support greater accessibility to urban GI funding

2.1 Integrate Urban GI funding needs (both development & maintenance costs) in EU competitive grant programmes (Recommendation 3 & 4)

We call for the integration of urban specific GI priorities (funding hard and soft measures and going beyond pilot projects) across LIFE, Horizon Europe, Interreg Europe, URBACT, and the European Urban Initiative, addressing fragmentation and improving access for cities (Closing the Funding Gap).

Sustainable GI funding must cover both implementation and long-term maintenance and up-keep. We recommend guaranteeing maintenance funding for up to 25 years within project budgets. Maintenance costs must be covered as flat-rate overhead expenses, exempt from certification, detailed calculations, and ongoing reporting. This will reduce administrative burdens to prevent delays and ensure long-term project success.

2.2 Simplify Funding Processes and Improve Accessibility across sectors and cities (Recommendation 5)

We call for the simplification of application and reporting procedures. 86% of surveyed cities cited administrative burdens as the primary barrier to accessing EU funds. In addition, funding programmes must consider the needs of smaller cities by lowering thresholds, simplifying eligibility criteria, and offering tailored support such as GI focussed matchmaking.

Many municipalities lack the initial capital needed to launch large-scale GI projects, leading to delays or missed opportunities. To overcome this, we propose the establishment of an EU pre-financing mechanism to help cities with limited budgets cover upfront GI project costs.

Additionally, a risk-sharing fund should be introduced to de-risk private investment, encouraging greater financial engagement in urban GI development.

#3

Promote National Systemic Sources and Incentivise innovation and blending to Finance GI

3.1. Incentivise innovative and blended financing: (Recommendation 6)

To further strengthen financial support for GI we propose increased support towards the use of public-private partnerships (PPPs), green bonds, and carbon trading schemes. Support measures could include the introduction of targeted tax incentives and subsidies to attract private sector investment.

Given their underutilization (only 1% of surveyed cities use green bonds for implementation), additional support mechanisms are needed to help cities navigate these financing models including technical assistance and capacity-building programmes to educate local authorities on the issuance and management of green bonds.

There is a clear need for the creation of flexible climate funds that allow cities to access long-term financing not just for the development but also for the long-term maintenance of GI projects.

3.2. Carbon Trading and Ecosystem Services Markets (Recommendation 7)

We advocate for the integration of urban GI into national carbon trading schemes and the creation of ecosystem services markets to provide cities with new revenue streams. Despite the EU Emissions Trading System (ETS) directive permitting revenues to be allocated to GI, this remains an underutilized opportunity. Given that GI contributes to carbon sequestration, air purification, and climate adaptation, its eligibility within carbon trading frameworks should be actively enforced.

³

41% of cities endorse systemic national financing sources for GI (Analysis of City Responses). To support this, regulatory frameworks must recognize and monetize the ecosystem services provided by urban GI, such as carbon sequestration, air purification, and stormwater management. This will require support in facilitating stronger partnerships between municipalities, environmental agencies, and private companies and investors to scale up financial engagement in urban greening.

We call for the development of an Urban Nature Credit Market, allowing cities to generate tradable credits for carbon sequestration, biodiversity conservation, and ecosystem services. This will help integrate GI into the carbon markets and climate finance mechanisms, allowing cities to monetize the benefits of their green infrastructure.

³ [ETS Directive \(art.19, para 3, point a\)](#)

#4

Capacity Building and Technical Support

4.1. Support for Local Authorities (Recommendation 8)

We call for the expansion of technical assistance and capacity-building programmes. Half of surveyed cities requested dedicated staff programmes and technical support to strengthen GI implementation and maintenance (Analysis of City Responses). The promotion of a centralized knowledge hub to provide cities with best practices, case studies, and technical guidelines for GI development and maintenance financing would be welcomed, including leveraging skills and know-how to apply for funding. Tailored training programmes to upskill municipal staff in areas such as project planning, participatory processes, financing, and long-term maintenance of GI are also called for.

We call for the establishment of a special technical assistance program tailored to small and medium-sized cities to help them develop GI financing strategies, write grant applications, and manage project implementation. This would overcome the fact that many small cities lack administrative and financial capacity to apply for and manage EU GI funding effectively.

4.2. Data and Decision Support Tools (Recommendation 9)

Investment is needed in decision support systems (DSS) and data analytics to optimize GI planning. Only 16% of cities identified DSS as a key enabler, indicating the need for better integration and awareness (Analysis of City Responses). The adoption of smart technologies, including IoT sensors and GIS mapping, can enhance real-time monitoring and adaptive management of GI. The creation of standardized metrics and evaluation frameworks to assess the performance and impact of urban GI on climate resilience, biodiversity, and public health must also be prioritised.

Conclusion

Research, together with the survey findings, highlight persistent funding and administrative challenges that hinder cities' ability to scale GI initiatives. Simplified funding processes, dedicated urban GI allocations, and systemic financing mechanisms are crucial for enabling cities to meet EU climate, biodiversity and nature restoration targets.

The European Commission is urged to adopt these recommendations to ensure resilient, sustainable, and inclusive urban development across Europe.

References

- Qualitative Costs of Urban Green Infrastructure Development and Maintenance
- Advancing Urban Green Infrastructure through Targeted ERDF Allocations
- Closing the Funding Gap: Enhancing Support for Urban Green Infrastructure in EU Funding Programmes and Initiatives
- Analysis of City Responses to the Urban Agenda Partnership on Greening Cities Survey