

Policy brief: Innovative Governance and Financing for Forest Resilience

30 March 2026

Elin Rowicki and Cecil Konijnendijk | Nature Based Solutions Institute, <https://doi.org/10.57745/TLSYQ7>

Assessment of promising models & methods

Forest ecosystem services (FES), such as carbon sequestration and mitigation of extreme weather events like drought and floods, are essential for climate change mitigation and adaptation. At the same time, there is a lack of economic incentives for innovations relating to other FES than wood and biomass provision. Innovations in forestry governance and financing are needed to meet the demand for the wide range of ecosystem services that forests provide, while also addressing increasing climate-related pressures, such as drought and forest fires.

The delivery of FES is influenced by the specific local context, including climate, forest conditions, and management decisions. In the same way, innovations are shaped and affected by internal and external factors. For an innovation to be successful, it must be adapted to address local challenges and conditions. No one solution fits all.

Within the Horizon Europe project eco2adapt¹, innovative models and methods concerning forest resilience and ecosystem-based adaptation have been analysed with the goal to create a portfolio of successful innovations².

Innovation assessment framework

Innovations from around the world were analysed using two assessment frameworks. The Policy Arrangement Approach (PAA)³ as the descriptive base and Social-Ecological-Technical-Forest-Innovation Systems (SETFIS)⁴ was used as an analytical lens, to understand the dynamics and factors that enable or hinder innovation. Figure 1 visualises the combinations of the PAA and SETFIS frameworks with their respective key dimensions and components.

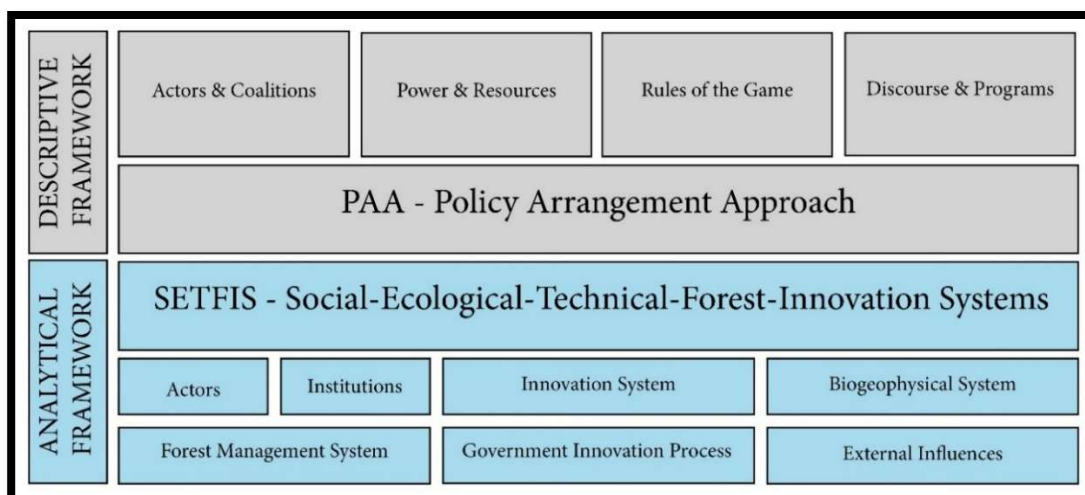


Figure 1. Overview of the two frameworks suggested to be used in analysing innovations, and their subcategories, with PAA being used as a descriptive framework and SETFIS as a more analytical 'lens'.

¹ <https://www.eco2adapt.eu/>. ²eco2adapt Milestone 13, Konijnendijk et al. (2025). ³Van Tatenhove et al. (2000) DOI:[10.1007/978-94-015-9524-7](https://doi.org/10.1007/978-94-015-9524-7). ⁴ Sorge et al. (2022) <https://doi.org/10.1016/j.ecoser.2022.101427>.

Innovative governance for forest resilience

Innovative governance comprises novel ways of strategic decision-making for forest managers. The 25 specific governance innovations analysed can be categorized into the following key topics:

- **Innovative roles of actors:** New actors can enter forest governance scene, for example as ‘brokers’ or facilitators, and the roles of current actors can change.
- **New rules of the game:** Novel ways of organising forest governance and decision-making or forest certification programs to promote sustainable forest management emerge.
- **Co-governance and collective approaches:** Multiple actors share responsibility, power, and resources. For example forestry enterprises or associations are set up to manage local woodland resources and local challenges such as forest fires.
- **Novel resources and governance tools:** Tools can be policies and initiatives that offer directions, tools, and support for forest management and local challenges.
- **Awareness raising and communication:** Public awareness raising can be done in different creative ways such as campaigns or contests.

Example of innovative roles of actors (G1)

The Bosgroepen are cooperative organisations at the regional level in the Netherlands that bring together thousands of forest owners. They have professional staff and provide technical support, expertise, and represents forest owners at different political levels⁵.

Example of new rules of the game (G7)

In China, forest certification is a part of a wider framework programme for promoting sustainable forest management. It is used as a tool to support governance and strengthen collaboration between public and private actors, as well as with civil society⁶.

Example of novel resources and governance tools (G16)

Urban forest master plans has been developed in the United States, the United Kingdom, and the Netherlands. The plans provide overall policies, long term visions, day-to-day requirements, as well as detailed implementation frameworks of specific objectives, targets, activities, and resources⁷.

⁵ Bosgroepen (2025), <https://bosgroepen.nl/unievanbosgroepen/>. ⁶ World Economic Forum (2022), https://www3.weforum.org/docs/WEF_China%E2%80%99s_Role_Promoting_Global_Forest_Governance_and_Combating_Deforestation_2022.pdf; FSC (2025), www.fsc.org; PEFC (2025), www.pefc.org; SFI (2025), www.forests.org. ⁷ Birmingham Tree People (2025), <https://birminghamtreepeople.org.uk/about-us/the-urban-forest-master-plan/>; Treeconomics (2025), <https://treeconomics.co.uk/our-services/long-term-plans-for-urban-forests/urban-forest-master-plan/>

Innovative financing for forest resilience

Novel ways of generating funds for forestry have been developed. The innovations can be categorized into the following key topics:

- **Strengthening existing value chains (wood-focused):** Different forestry and market actors need to work together to build a stronger business case for forest products.
- **Subsidies, taxes, and investments:** Public-sector economic support is offered, often for provision of specific FES.
- **Compensation payments:** Financial support is provided, for example when damage is caused to local forests or biodiversity by development or other activities.
- **Funding brokerage:** Funding brokers can bring together potential (private sector) funders with forest owners and managers.
- **New funding markets and payments for ecosystem services:** Exploring new revenue streams and financing mechanisms such as crowdfunding and creating new markets.
- **Promoting entrepreneurship and business incubation:** A healthier economic situation for forest owners of different kinds will require instruments that support a more entrepreneurial mindset.

Example of innovative subsidies (F4)

In Catalonia, Spain, funding is provided to landowners and local communities who undertake a set of measures on their land to reduce the risk of wildfires⁸.

Example of compensation payments (F7)

The Habitat Bank in Finland is a voluntary mechanism for businesses and developers to compensate for the damage they cause to forests and other habitats, for example when new residential, commercial, or infrastructural development takes place⁹.

Example of promoting entrepreneurship (F19)

In the Trentino region of Italy, local forest owners are supported through training and capacity building in becoming more entrepreneurial in providing different ecosystem services for markets¹⁰.

Recommendations for successful innovation in forest governance and financing

A key issue for successful innovation concerns who leads, facilitates, or brokers the innovation. **Identifying, mobilising, and empowering actors** that can coordinate and catalyse innovations will be essential.

It is important to set up appropriate **platforms for coordination** among actors and structures for implementing the innovation also in the longer term (including the required rules of the game). Moreover, **sufficient resources should be secured** also for the long run. Otherwise innovation won't extend beyond the pilot stage.

Establishing new markets and payment schemes will create economic incentives for forest owners to include other FES than wood and biomass provision in their management strategy.

⁸ European Forest Institute and Diputació de Barcelona (2025b), <https://efi.int/wildfire-prevention>.

⁹ Loft et al. (2022), <https://doi.org/10.1016/j.ecoser.2022.10148>.

¹⁰ Bussola et al. (2021), <https://doi.org/10.1016/j.ecoser.2021.101380>.