



# Multi-level finance impacts on participation, inclusion, and equity: Bricolage and Fuzziness in NextGenerationEU-funded renaturing projects

Julia Neidig<sup>a,b,\*</sup>, Isabelle Anguelovski<sup>a,c</sup>, Aitor Albaina<sup>d</sup>, Unai Pascual<sup>b,e</sup>

<sup>a</sup> Institute for Environmental Science and Technology, Universitat Autònoma de Barcelona, Edifici ICTA-ICP, Carrer de les Columnes s/n, Campus de la UAB, Cerdanyola del Vallès, Barcelona 08193, Spain

<sup>b</sup> Basque Centre for Climate Change (BC3), Scientific Campus of the University of the Basque Country, Sede Building 1, 1st floor, Leioa 48940, Spain

<sup>c</sup> Institució Catalana de Recerca i Estudis Avançats, Passeig Lluís Companys 23, Barcelona 08010, Spain

<sup>d</sup> Department of Zoology and Animal Cell Biology, Faculty of Science and Technology, Universidad del País Vasco (UPV-EHU), Barrio Sarriena s/n, Leioa 48940, Spain

<sup>e</sup> Ikerbasque, Basque Foundation for Science, Plaza Euskadi 5, Bilbao 48009, Spain

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## ABSTRACT

We analyze a multi-level ad-hoc emergency fund (MAEF) – the European NextGenerationEU program – as an opportunity to advance ambitious municipal climate action. Presently, MAEF follow a vertical complex governance structure, including strict timelines, evaluations, and competencies spread across policy scales, which condition local aspirations for transformative governance in terms of participation, inclusion, and equity. Drawing on qualitative data (interviews with key actors, participant observations, and primary policy and planning documents), we examine the implementation of NextGenerationEU-funded naturalization projects in Vitoria-Gasteiz, Spain, 2012 European Green Capital. We offer an empirical analysis of how MAEF requirements challenge locally formulated values of governance meant to advance civic participation, inclusion, and equity. Findings indicate that the municipal dependence on multi-level financing schemes represents a trade-off with local democratic governance, whereby the need for slow-er and finance-detached civic engagement processes clashes with EU requirements for rapid project execution. Here, civic contestation against the projects' processes reveals some of the core emergency funds governance weaknesses: a) a bricolage approach at the expenses of democratic governance, to ensure successful applications for climate finance projects and b) a fuzzy process without transparent communication of project selection and implementation. However, findings also reveal that the municipality failed to build up participation, inclusion, and consideration of social equity goals upstream, before and outside the context of MAEF. This reality calls for local decision-makers to develop more transparent governance models that help build up civic support when projects are in their early conception stage.

## 1. Introduction

In May 2020, the European Commission released its recovery plan to boost its member states out of the COVID-19-pandemic, the so-called NextGenerationEU (NGEU). Only a few months later, Spain received notice of being disbursed 77 billion Euros in direct transfers and up to 140 billion Euros in loans, to finance national projects aligned with the European Green Deal to be executed by December 2026 (European Parliament, 2023). In July 2022, the then-mayor of Vitoria-Gasteiz, proud 2012 European Green Capital, declared “Today Vitoria-Gasteiz has earned again an endorsement from Europe. We are on the right track to become a European supercity, we are on the train of Europe, and

we want to take advantage of it” (City-hall Vitoria-Gasteiz, 2022a), after having secured nearly two million Euros of Spanish NGEU funds for naturalizing one of its core mobility axes.

As urban climate change adaptation and mitigation projects get rolled out under multi-level climate finance (Causevic and Selvakumar, 2018), including smart or low-carbon infrastructures, energy retrofitting of buildings, or renaturing programs, questions emerge as to the equity and justice impacts of financed interventions and governance processes (Knuth and Krishnan, 2021; Smeds and Acuto, 2018). In this rather fast-paced technocratic process, municipalities seem indeed to have little margin to develop inclusive, democratic, and socially innovative governance models that advance local climate action without

\* Corresponding author at: Basque Centre for Climate Change (BC3), Scientific Campus of the University of the Basque Country, Sede Building 1, 1st floor, Leioa 48940, Spain.

E-mail address: [Julia.neidig@bc3research.org](mailto:Julia.neidig@bc3research.org) (J. Neidig).

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replicating multi-scale inequalities (Colenbrander et al., 2017). In addition, projects operate on strict timelines, complex administrative rules, and build upon a green growth narrative that has been shown to leave equity and inclusivity considerations aside (García-Lamarca et al., 2021).

The NGEU embodies a multi-level climate finance tool embedded in the context of the global rupture of the COVID-19-pandemic. Due to the high financial volume and quick disbursement of funds, those multi-level ad-hoc emergency funds (henceforward: MAEF) offer municipalities with tight budgets the sudden opportunity for immediate implementation of cost-intensive, transformative climate action towards low-carbon and resilient cities (Crescenzi et al., 2021). Being integrated in a vertical administrative structure of competencies, from the European to the municipal level, they however require complex decisions over fund distributions, interventions being filtered by different government scales, and an efficient apparatus of multiple public and private actors allowing for a multi-level operationalization (Kern and Bulkeley, 2009).

Despite their high potential for a broad-scale impact, MAEF are formulated around values of governance that condition or may even contradict local aspirations for transformative governance processes. We thus ask: *To what extent do multi-level ad-hoc emergency funds allow for civic participation, inclusion, and equity in urban climate action?* We embed our analysis in the critical body of literature that disentangles the role of nested green finance schemes in achieving inclusivity in local governance (Westman et al., 2019; García-Lamarca et al., 2022). The novelty, uniqueness, and financial volume of MAEF, such as the NGEU, make it particularly important to understand how they condition action on the ground. We hence contribute important insights on the impacts of such ad-hoc and vertical financing instruments on local climate action and governance.

We follow two urban naturalization projects being implemented as of the beginning of 2024 in Vitoria-Gasteiz, a mid-sized city in the Basque Country, Spain, under the NGEU framework. Both projects aim for a naturalization of inner-urban public space yet follow different rationales to be eligible for NGEU funds. We chose Vitoria-Gasteiz as case city given its long-standing trajectory of greening efforts and participating in EU-led initiatives such as the Covenant of Mayors or the European mission of 100 climate neutral cities. The city has also attained international recognition for its successful climate actions (Kern, 2019; Neidig et al., 2022).

We offer an empirical analysis of how MAEF challenge locally formulated values of governance advancing civic participation, inclusion, and equity in urban climate action. Prior to this analysis, we review the literature on equity and inclusion in multi-level climate financing, before contextualizing NGEU funds in multi-level governance processes. We then present our methodology and case study context of Vitoria-Gasteiz to help identify the dilemmas of MAEF for local democratic climate action. We pay attention to how civic-participation, inclusion, and equity are operationalized in the case study under the NGEU framework and analyze MAEF as a possible poisoned gift for local democratic governance. Lastly, we discuss our findings and call for a bricolage approach for funding to enable a shift from fuzzy towards more transparent and participatory processes.

## 2. Advancing urban climate action through multi-level governance and finance

### 2.1. Multi-level climate finance and the issue of achieving urban equity

In the context of climate urbanism (Long and Rice, 2019), multi-level governance has shifted over the last few decades from hierarchical, top-down towards more horizontal and nested models, constituted by new networks of transnational and private actors (Bulkeley, 2005; Nielsen and Papin, 2021). This has seemingly attributed a higher degree of agency to municipalities to materialize locally innovative climate action (Castán Broto, 2017). In this context, new forms of climate

finance associated with projects falling under the broad umbrella of low-carbon transitions have allowed public agencies to advance projects difficult to finance through conventional public funding (Robin, 2022; Bracking and Leffel, 2021). Private climate finance increasingly offers public (credit-worthy) administrations access to financial markets by turning urban climate interventions into an investment asset for mostly private capital (Jones et al., 2020).

By the same token, embedding public climate governance into private capital markets enables private investors to take advantage of rather minimal efforts undertaken to combat climate change (Long, 2021). Urban climate projects, whose objective is to increase societal resilience to climate-induced risks, are thereby being applied a logic of financial capture, which furthers an economic growth narrative of climate urbanism while hindering socially orientated actions aiming to reduce socio-ecological injustices accelerated through market logics (García-Lamarca et al., 2022; Hilbrandt and Grafe, 2022). Local climate action projects become then decontextualized, with the requirements of financial investors being prioritized over those resulting from local communities' needs (Aalbers, 2020).

In this context, an increasing body of literature focuses on so-called green bonds (Bracking, 2019), a debt instrument that offers low interest rates to the borrower, e.g., municipalities, and risk averse investments yet low return rates to the lender (Long, 2021; Jones et al., 2020). Projects financed through green bonds are meant to be labelled as "green", either self-certified or relying on transnational certification schemes (Hilbrandt and Grubbauer, 2020). However, recent studies have shown that financed green interventions, contrary to their initial ambition to enable novel projects through daring investments, employ a business-as-usual "flashy" approach, paving the way for the greenwashing of conventional projects (García-Lamarca and Ulström, 2022; Jones et al., 2020).

In practice, the disbursement of multi-level (private) financial tools is also globally unequally distributed, as they require cities to be credit-worthy which complicates access for especially Global South municipalities (Bigger and Webber, 2021; Robin and Castán Broto, 2020). Internally, they have been shown to reinforce socio-economic exclusion within spatial boundaries of those cities successfully attracting private capital. For example, Christophers (2018) and Bigger and Millington (2020) found that drawing on green bond finance for novel transit and water infrastructures projects in Washington D.C., New York, or Cape Town has increased the burden of already vulnerable communities facing higher rates of public services through the need to produce financial returns for green bond investors. Such burdens call for the democratization of multi-level financing and governance processes, based on the values of transparency, accountability, and equitable and inclusive participation (Schalatek, 2012).

### 2.2. NextGenerationEU funds in the context of multi-level governance and finance

The operationalization of NGEU differs from other conventional European multi-level funding schemes (e.g., EU Horizon, URBACT, or LIFE), by its significantly larger volume in form of a one-time payment, their strict timelines in the context of the COVID-19-pandemic and by decisions over project selection being highly political and strategic across policy scales (Crescenzi et al., 2021). With a budget of over 800 billion Euros, 723.5 billion Euros are being directly disbursed to EU member states (EC, 2023a). To be eligible for NGEU funds, by April 2021 each member state had to present a national recovery and resilience plan (henceforward: RRP) laying out pathways for an (economic) recovery from the pandemic. A minimum of 37% of each national RRP's budget had to be dedicated to "green" projects and another 33% to the digital transition. Plans were ideally to be developed in collaboration with relevant sectors and contain actions with a final completion date of December 2026 and an overall aim for social and territorial cohesion and gender equality. In short, NGEU funds were sold as a win-win-win

situation “to boost jobs and growth, the resilience of our societies, and the health of our environment.” (EC, 2020). To finance NGEU, the European Commission became the largest issuer of green bonds aiming for a volume of up to 250 billion Euros dedicated to projects of the national RRP’s green components with measures “compatible with internationally accepted social and environmental principles” (DG Budget, 2022).

NGEU works under a vertical multi-level structure (Kern and Bulkeley, 2009). Member states are the official recipients of funds, yet they are then distributed according to the national RRP to the regional and local scales, to both public and private sectors. To ensure efficient implementation and alignment of project goals with cross-territorial agendas, recipients must follow strict reporting, evaluation, and timeline guidelines (Dawidowicz et al., 2023). Some perceive this process as reinforcing neoliberal and technocratic governance dynamics since standardized project reporting consolidates institutional and private actors as evaluators and authority (Bracking and Leffel, 2021; Hilbrandt and Grafe, 2022). In this process, project credibility is depending on market mechanisms; thus, legitimizing a top-down governance approach (Hilbrandt and Grubbauer, 2020).

In the case of Spain, the total of NGEU funds are distributed across ten policy levers divided into 30 components. Although municipalities are anchoring European green and digital strategies on the ground, once projects are executed, national level agencies are responsible for the adherence of local projects to EU policy goals (Spanish Government, 2021). So far, in the Spanish context, the impact of NGEU on local governance is only comparable to the 2009–2011 Plan-E (Spanish Economic and Employment Stimulus Plan), the governmental response to the 2008 financial crisis, which included the transfer of 8 billion Euros to Spanish municipalities to fight unemployment and increase infrastructure planning in a context of otherwise European austerity politics. Plan-E hence represented an unpredictable cascade of funds for cities as a free pass for any kind of project, yet also allowing for misuses of funds as evaluation processes were lacking (Carozzi and Repetto, 2019; Montolio, 2018).

### 3. Data and methods

#### 3.1. Data collection and analysis

We followed Charmaz’ (2006) Grounded Theory approach drawing on multiple data sources (Fig. 1): First, we used participant observation at six public events between 2022 and 2023, such as participatory and inforamatory sessions regarding both naturalization projects, city-hall organized conferences about its long-term green vision, and the 2023 European Conference of Mayors in Brussels. Second, in 2023 we conducted, audio-recorded and transcribed 14 semi-structured interviews with Vitoria-Gasteiz’ key informants, i.e., decision-makers, urban planners, and representatives of neighborhood associations with a history of involvement in local governance to explore the conflicting values being expressed in multi-level financial governance operations. Lastly, we conducted an analysis of policy documents on the city, regional, national, and European scale regarding the multi-level execution of NGEU funds and complemented those with local media articles concerning the two urban naturalization projects.

We coded these three data sources as we collected them, using the software Nvivo. This process helped to continuously refine our initial research questions and data collection (Charmaz, 2006). Codes emerged around the context, history, and project phases of both naturalization projects; relationships between (non-institutional and institutional) actors; controversies surrounding the European finance and overall project framing; different values of governance across policy scales, including efficiency, equity, inclusion, green innovation/ experimentation, economic growth, multi-level administration; and framings of nature/-naturalization. After a triangulation of those different data sources, we narrowed the analysis on the challenges of local governance under a multi-level operationalization on equity, civic participation, and

inclusion (see Fig. 2).

#### 3.2. Case study context

Following the 2012 European Green Capital award, Vitoria-Gasteiz successfully attracted competitive European funding, such as EU Horizon, Life+, and Interreg, that helped finance small-scale green infrastructure and mobility interventions. In addition, recent MAEF, i.e., the Spanish Plan-E, have enabled large-scale urban transformations, including a complete redesign of the public transport network through a comprehensive participatory process, and a pilot superblock (with a cost of five million Euros). Fifteen years later, NGEU funds are expected to have a similar impact, as the city has secured funds for multiple projects, such as the implementation of low-emission zones, pedestrianized areas, and a fully digitalized parking system.

In this paper, we focus on two NGEU-funded projects that follow the same objective of greening public space yet are administered under different components of the Spanish RRP. The Los Herrán Street project aims for the naturalization of a main urban traffic axis and falls under the Spanish RRP’s second policy lever of resilient infrastructures and ecosystems and its component #4 of ecosystems’ conservation and restoration. The Old Town’s naturalization project through micro-greening interventions belongs to the fifth policy lever of modernizing and digitalizing Spanish industries and its component #14 targeting the competitiveness of the tourism sector.

Both projects are in neighborhoods with fewer greenspaces and lower ecological quality compared to the rest of the city (Aznarez et al., 2023) and were already part of the city’s 2014 Urban Green Infrastructure Proposal<sup>1</sup> (henceforward: UGIP) aiming for an inner-city green belt and network of green corridors. On paper, the UGIP builds on an inclusive governance approach, “requiring a consensus on [project] needs and associated benefits” through shared information, raised awareness, and widespread citizen participation as for design and implementation (UGIP 2014). Of great importance is the alignment of local green infrastructure projects with European biodiversity and climate goals (Marañón, 2020).

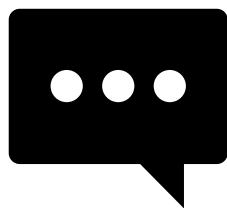
### 4. The Dilemmas of multi-level governance for local democratic climate action

Our analysis of the deployment of large-scale EU funds in Vitoria-Gasteiz reveals the challenges of multi-level governance for building climate action in ways that can further local democratic practices.

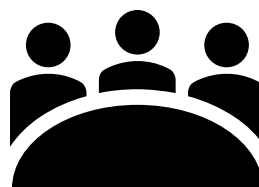
Next, we present the two urban naturalization interventions and their multi-level operationalization within the NGEU framework (summarized in Table 1). We focus here on how civic participation, inclusion, and equity are challenged by the nature of NGEU funds mobilized for the projects (Fig. 2). We use these three components of democratic local governance as our analytical lens to examine the conflicting visions of “green” embedded in the projects. We explore the tensions between institutional visions associated with shallower meanings of green (i.e., investing in aesthetic green elements) under an economic growth paradigm, and a vision of deeper socio-green transformations (e.g., the retrofitting of low-quality housing and health care services).

We refer to *civic participation* as a process of involving non-institutional actors such as neighborhood residents and collectives throughout the different phases of a given urban climate project, and of co-governance of the projects and associated plans (Listerborn, 2008). *Inclusion* refers to the recognition of residents’ intersecting needs in the project designs, with specific emphasis on those historically marginalized in planning processes (Amorim-Maia et al., 2022; Calderón-Argelich et al., 2023) and to the plural meanings linked to a green

<sup>1</sup> Original name in Spanish: documento de propuesta de la infraestructura verde urbana de Vitoria-Gasteiz



Semi-structured interviews in Spanish, conducted between March & June 2023, lasted 40-60 minutes



Participant Observations at public events 2022-2023

INTERVIEW NUMBER	ACTOR TYPE
I01	neighborhood association
I02	technical staff city-hall
I03	municipal neighborhood ombudswoman
I04	Landscape architect
I05	Centro de Estudios Ambientales
I06	Member of city council
I07	Member of city council
I08	Member of city council
I09	neighborhood association
I10	technical staff city-hall
I11	neighborhood association
I12	neighborhood association
I13	technical staff city-hall
I14	Fundación Biodiversidad

EVENT NUMBER	NAME OF EVENT
E01	First participatory workshop of the Old Town naturalization project (May 2022)
E02	Neighborhood assembly of the Old Town (June 2022)
E03	Second participatory workshop of the Old Town naturalization project (June 2022)
E04	Vitoria-Gasteiz 2030 Urban Forum - The role of local urban agendas in the transformation of municipalities (city-hall organized conference) (September 2022)
E05	Elkargune Participación Vecinal – regularly city-hall organized participatory meetings concerning neighborhood participation (Agenda point: Los Herrán Street project) (February 2023)
E06	Covenant of Mayors Europe Conference (March 2023)

Fig. 1. Data types and sources.

city (Neidig et al., 2023). Lastly, *equity* refers to the justice components of the projects, focusing on the consideration of broader socio-economic needs of urban residents in the naturalization projects (Anguelovski et al., 2020).

We then deepen the analysis by examining the governance tensions embedded in those funds in which municipal dependency on MAEF translates into a bricolage approach driven by a fuzzy governance, e.g., through lacking transparent communication.

#### 4.1. The challenge of civic-participation, inclusion, and equity in MAEF

##### 4.1.1. Case 1. Naturalization of Los Herrán Street

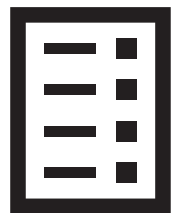
**4.1.1.1. Project context.** Los Herrán Street is one of the city’s major South-North traffic axes. The project entails several green interventions, including mobility transformations (via traffic calming, pedestrianization, and prioritization of bike and public transport) and the implementation of urban green infrastructures (e.g., a multi-use park with play equipment, small forest and water areas, urban gardens and green corridors, and the recovery of an underlying stream for rainwater drainage and cooling system in heat waves). The project is framed in terms of climate change adaptation, local retail revitalization, and the provision of inclusive greenspaces while reducing inner-city traffic and associated emissions (City-hall Vitoria-Gasteiz, 2022b).

Projects under the RRP’s second policy lever of resilient infrastructures and ecosystems fall under the Spanish Ministry of Ecological Transition and Demographic Challenge that transferred the management of urban naturalization and resilience projects to the

governmental Fundación Biodiversidad (henceforward: FB), a national foundation campaigning and supporting projects to counteract biodiversity loss. FB is responsible for project selection and administration, ensuring that selected projects increase urban green infrastructure, through ecosystem restoration and reduced habitat fragmentation (BOE, 2021). Recipient administrations are encouraged to take charge of most project components inhouse, especially the implementation of the required participatory process.

**4.1.1.2. Civic participation, equity, and inclusion.** Early drafts of the Los Herrán Street project first appeared in the city’s flagship green strategies, including the 2007 Sustainable Mobility and Public Space Plan which proposed a city-wide implementation of “superblocks”. The project then became more specific under the 2011–2015 municipal government (led by the Spanish conservative Partido Popular) yet did not move forward due to the incapacity of securing funding. Only in July 2022 did the broader public, including the government’s opposition parties, became aware of the detailed new project. The institutional narrative of the project of the then-leading conservative Basque Nationalist Party (PNV) strongly marketed the initiative for its European NGEU funding as an opportunity to become a “European supercity” (City-hall Vitoria-Gasteiz, 2022a).

However, the Los Herrán Street project remains limited in its *civic participation* components. Our document and interview analysis reveals that, coinciding with the municipal elections, PNV used the political campaign to announce the NGEU funding mechanisms and unravel the project in a quite centralized manner. The then-mayor and councilor participated in street actions (Photo 1) and an information session for



Key policy documents and local media

POLICY SCALE	KEY DOCUMENT DESCRIPTION
EU policy documents (NGEU funds)	<p>European Commission (2020): Europe's moment: Repair and prepare for the next generation. (Announcement of NGEU instrument)</p> <p>European Commission (2021): Funding strategy for NGEU</p> <p>European Commission (since 2022): Half-yearly reports on the implementation of financial mechanisms of the NGEU</p> <p>European Commission (2022): EU Budget Policy Brief. The EU as an issuer. The NGEU transformation (green bonds)</p> <p>EU (2021): The EU's 2021-2027 long-term Budget and NGEU</p>
National policy documents (Spanish RRP)	<p>Spanish Government (2021): Recovery, transformation and resilience plan: Component 4: Conservation and restoration of ecosystems; Component 14: Modernization and competitiveness of the tourism sector</p> <p>Spanish Government (since 2021): Official State Bulletins referring to the RRP (BOE: Núm. 312.Sec. III. Pág. 166449, 2021; Núm. 232.Sec. III. Pág. 119268, 2021; Núm. 88.Sec. III. Pág. 52984, 2023)</p> <p>Spanish Government (2022): Plan for the modernization and competitiveness of the tourism sector</p> <p>Spanish Government (2023): Tourism sustainability strategy at destinations.</p> <p>Fundación Biodiversidad (since 2021): Documents concerning the application, selection and evaluation process of projects funded under the RRP Component 4</p>
Regional policy documents	Basque Government (2021): Euskadi NEXT. Basque Recovery and Resilience Program 2021-2026
Local policy documents (city-hall of Vitoria-Gasteiz)	<p>2014 Vitoria-Gasteiz urban green infrastructure strategy</p> <p>City-hall proposals and drafts of the Old Town and the Los Herrán street project</p> <p>City-hall press releases concerning the NGEU funds and project implementations</p> <p>Municipal studies of the state of the different neighborhoods (estudios socio-urbanísticos)</p> <p>Meeting minutes of the different municipal participatory sessions (Elkargune and Auzogunes) concerning both projects</p>
Local media	Local newspapers articles concerning the NGEU funds, project implementations and civic opinions

Fig. 1. (continued).

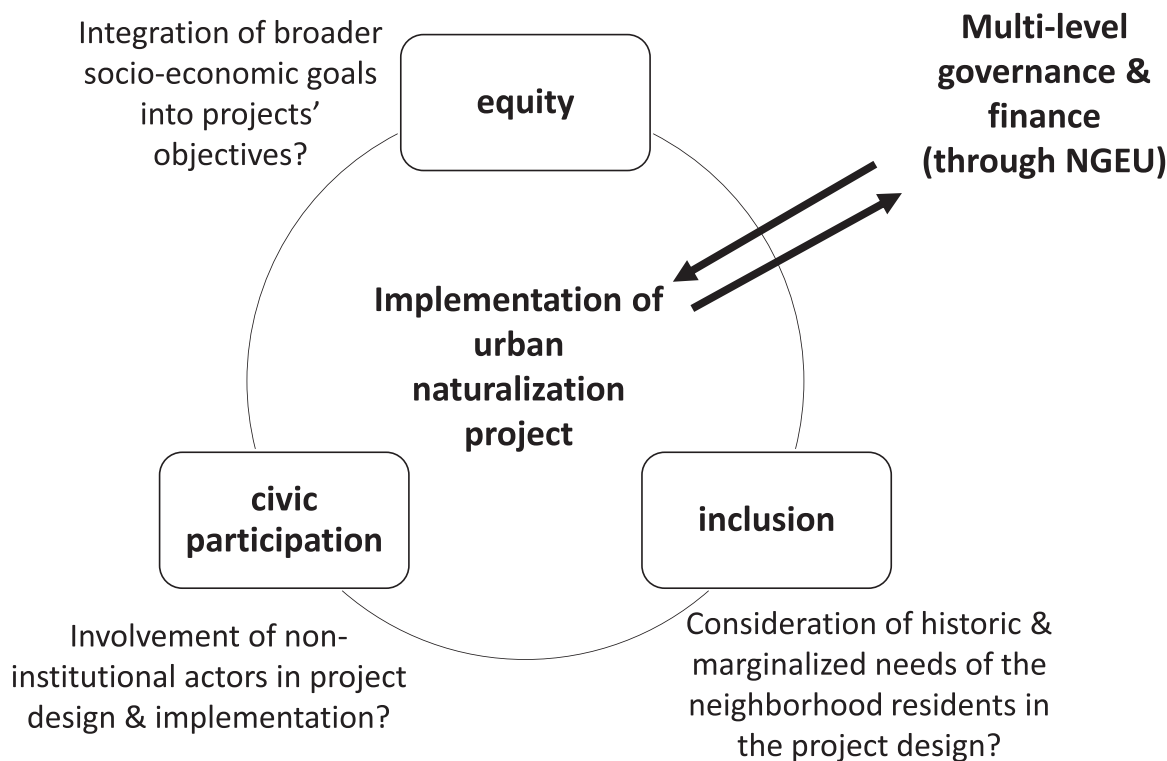


Fig. 2. Analytical framework.

**Table 1**  
Summary of projects' multi-level operationalization.

	Los Herrán Street Project	Old Town naturalization project
<b>Spanish RRP components</b>	<b>Policy lever #2:</b> Resilient Infrastructures & Ecosystems <b>Component #4:</b> Conservation & restoration of ecosystems (through, e.g., urban green infrastructure or reduced urban habitat fragmentation).	<b>Policy lever #5:</b> Modernization & digitization of industrial & tourism sectors <b>Component #14:</b> Modernization & competitiveness of the tourism sector (through greening and digitalization measures).
<b>Administration of RRP components</b>	<b>Responsible entity:</b> Fundación Biodiversidad (under the Spanish Ministry of Ecological Transition & the Demographic Challenge) <b>Assessment</b> of municipal project applications based on 1) an environmental impact assessment, 2) a long-term urban strategy, such as a green infrastructure, mobility, or sustainability plan & 3) a project-specific strategy for governance & participation, communication & awareness-raising, and monitoring.	<b>Responsible entity:</b> Department of Tourism, Commerce & Consume of the Basque Government (under the Spanish Ministry of Industries, Commerce and Tourism) <b>Assessment</b> of local Tourism Sustainability Plan at Destination co-developed by national, regional, and local administrations and local private actors. Two evaluation rounds: first by the respective regional ministry, second by the national ministry to assure alignment of local plans with the regional & national tourism strategies.
<b>Objectives of local projects</b>	Climate change adaptation, economic revival of local commerce, inclusive greenspaces, reduction of inner-city emissions.	Added green aesthetic value, increased tourism sector, ecological connectivity, social cohesion through co-maintenance.
<b>Interventions of local projects</b>	Mobility interventions (traffic calming, pedestrianization, prioritization of bike & public transport) & provision of urban green infrastructures (multi-use park with nature-based play equipment, forest, water areas, gardens, green corridors, recovery of an underlying stream for rainwater drainage and cooling system).	Small-scale greening interventions in narrow streets & squares (e.g., green facades, green roofs, pocket parks, green furniture such as pots or trees, improvements to existing greenspaces) based on co-design and co-management by municipal technicians & neighborhood residents.
<b>Participatory process, inclusion, and social equity</b>	Although requirement by the funding scheme, only "informatory" participation. Lack of structural intervention to address poor quality housing and social services and lack of consideration of residents' demands and historic place attachments in those areas.	Not required by funding scheme yet embedded in the projects' long-term vision (through co-design and -governance). Economic development for visitors prioritized over residents' social identity and over their organizing for bottom-up greening.
<b>Financial contributions of NGEU to local implementation</b>	Projected costs of a total of 13.5 Mio € of which around 1.9 Mio € will be financed through NGEU funds (announced in July 2022).	2.8 Mio € for the first phase of the PSTD (announced in December 2021) of which 355.000€ are dedicated to the naturalization of the Old Town; 2.59 Mio € for the second phase of the PSTD (announced December 2022)

the broader public (attended by around 200 neighbors). This process was accompanied by street surveys to gauge residents' opinion around the project – 68% of respondents were seemingly in favor, – and to collect "suggestions and complaints" (I06, city-council). While members of the city-council confirmed in interviews the importance of an infor-matory "participatory" process, they also stated that at times partici-pation risks going against climate mitigation goals – a contradiction to the funding scheme that highlights the importance of civic participation. As an elected official explains:

"The project is more or less defined; there can be limited participa-tion, but most things will be like in the proposal. Some may say [the politicians] ignore participation. But you cannot start to listen to everyone who tells you they want to drive their car inside the city, (...), you must be brave and say we know, this is good for the city, this comes from an analyzed strategy confirming it will be positive. Even if [the citizens] complain, we must move forward. (I06, city-council)

While other projects of this scale usually draw on cross-departmental collaboration, this project has exclusively been dealt with by the then-Mayor's Communications Office. In just a few months and by August 2023, contracts worth 12 M Euros were signed, to be executed within 20 months (City-hall Vitoria-Gasteiz, 2023). The centralized governance approach, absent of communication leading up to the project announcement and of citizens' involvement in project design, led to strong internal criticism of technical staff and opposition parties:

"Before you announce it to the press, you can inform that there may be a project like this, even if you don't give all the details. But, well, there has been nothing (...). We would have liked to be involved and participate from the beginning and not have learned about it from the media. (...) The neighborhoods (...) also heard about it through the media. Yes, there have been street actions to explain the project, a few infor-matory sessions, but this is not enough. There must be meetings with the neighborhood to, together with them, propose the best options. Because if not, what can occur is resistance to this type of project and we are talking about something very crucial as fighting climate change." (I08, city-council)

Despite this criticism, the project outcome was not rejected by the municipal opposition, which highlights that greening tends to be a rather consensual post-political vision in local politics (Neidig et al., 2022).

From a *social equity* standpoint, our analysis reveals that the project does not entail any clear measure to address socio-economic exclusion, especially the needed rehabilitation of the working-class neighborhood building stock and of a center for elderly residents, which many of the active neighborhood collectives see as a funding priority (I01, I11, E05). Los Herrán Streets is a traffic axis crossing several of the city's mainly working-class neighborhoods developed in the 1950–60 s. Much of the housing stock in adjacent neighborhoods is classified as "degraded" due to problems of heat insulation, humidity, and accessibility. Those neighborhoods are characterized by an aging population, unemploy-ment rates above city average, and a lack of retail options (Ensanche, 2018)

Despite residents' overall support for improving Los Herrán Street, civic critiques have emerged, especially framed around *inclusion*. Resi-dents point here to the lack of consultation and consideration of specific local needs, which planners justify by lamenting the strict timelines and project requirements put forward by the RRP. This critique became exemplified by a petition initiated in September 2023 by a local sport journalist who called to preserve the *campos negros* (Photo 1), the black fields, an asphalted sports area being used by local, Latino and Pakistani communities and important identity-shaping space for the city's historic first league Basketball club. Here, different ideas of inclusion are clashing as municipal planners envision a modern park in place of the degraded space, allowing for gender inclusivity and multi-uses instead



**Photo 1.** left: Information booth presenting the Los Herrán Street project; right: the campos negros, (eng: black fields) with their current use as basketball fields, to be transformed (photos by the authors, May 2023).

of designated areas for competitive and often male-dominated sports. However, the planners’ proposed design risks overrunning the neighborhood’s historic place attachment that grew around multi-cultural competitive sports. A member of the adjacent neighborhood association explains:

“The campos negros usually gather immigrants, but also students from adjacent schools, who in their free time go there to play basketball and football. Then there is usually a South American group that plays a lot during weekends, and people of Pakistani origin who play cricket. It is a place used by all the people. We have no idea what they want to do with it, it seems they want to make it green, but with artificial grass. (...) And then, they don’t want to put games that are competitive. Please, it’s a big enough place so that all the people can be there, ....” (I01, neighborhood association)

4.1.2. Case 2: Naturalization of the Old Town

4.1.2.1. Project context. The Old Town’s naturalization is one of several interventions under Vitoria-Gasteiz’ Tourism Sustainability Plan at Destination (in Spanish: Plan de Sostenibilidad Turística en Destino, henceforward: PSTD) developed under the RRP. It includes the naturalization of the Old Town’s emblematic narrow streets and squares through small-scale interventions such as green facades and roofs, pocket parks, green furniture, and improvements to existing greenspaces (Paisaje Transversal, 2022) (Photo 2). The intervention aims for added aesthetic value, ecological connectivity, and social cohesion, building upon a long-term process of space co-design and -management together

with municipal technicians and neighborhood residents.

Projects under the RRP’s fifth policy lever belong to the Spanish Ministry of Industries, Commerce and Tourism which then allocates funds to the 17 regional ministries of tourism and local recipient entities. The objective is to generate a competitive green and digital tourism sector by involving private actors and by naturalization initiatives contributing to the sectors’ economic growth. Special attention is further attributed to the administrative requirements of evaluating impacts of the local PSTD that helps generating “knowledge derived from the collection, analysis and interpretation of information, (...) and its effects on the tourism sector.” (Spanish Government, 2023).

4.1.2.2. Civic participation, equity, and inclusion. The initiator of the Old Town’s naturalization vision is the Environmental Studies Center (Spanish acronym: CEA), a municipal environmental think-tank with budgets approved by the city-council. Founded in 1995, the center has been the driving force behind most of the city’s green initiatives, which has guaranteed local-to-international recognition and support across political parties (Neidig et al., 2022). Our analysis of interviews reveals that, prior to securing budget, in 2020 the CEA started to work on the Old Town greening vision based on a project co-design and co-maintenance together with neighborhood residents. The first project presentation to the city-council received positive support across all political actors:

“The reception was very good. (...) All the political parties told us: “it will be an ambitious project, but start doing things, even if you fail”. In other words, everybody thought that it would be very difficult,



**Photo 2.** left and middle: project rendering for the Old Town project (from Paisaje Trasversal, 2022); right: one of the narrow Old Town streets as possible space for small-scale greening interventions (photo by the authors, June 2022).

that we are going to make many mistakes, but that we should start to intervene.” (I05, CEA)

The project’s objectives fit well within the overall institutional greening discourse focusing on the value of greening through progressive urban experimentation (Neidig et al., 2022), in this case a new form of micro-landscaping within a constrained historic morphology. Nonetheless, the city-hall has thus far only minimally communicated the project to the broader public, especially in relation to the NGEU funds financing it.

The project’s *civic participation* aspect has so far been limited in scope and attendance success. Following an initial assessment of possible green interventions by an external architecture studio in June 2022, the CEA and the architects organized two participatory workshops to foster trust with neighbors (E01, E03, I04, I05, I09). Despite being in a neighborhood with an established social fabric and tradition of activism, attendance was low, with only six non-institutional participants in the first and ten in the second workshop. Organizers acknowledged that the project budget was pending approval, despite the availability of NGEU tourism funds to be implemented by 2026 (E01, E03, I04, I05). Since then, the CEA has been planning campaigns to raise awareness, encourage citizen participation, and promote collaboration among actors, emphasizing the process-orientated nature of the project. Yet, without a clear timeline, the impact of specific actions remains quite poor, including planned initiatives such as a neighborhood competition of the “greenest balconies”, for which plants, pots, and growing instructions will be gifted to residents.

Similarly to the Los Herrán Street project, the greening of the Old Town is focused on a limited definition of green interventions and a negligence of deeper *social equity* goals. The neighborhood faces poor housing quality, energy poverty, and limited accessibility. While many of the neighborhood’s Southern residential buildings have been upgraded, partly through a process of early gentrification, the Old Town’s North remains degraded, with a high percentage of lower-income foreign-born residents living in social vulnerability. In response, civic activism is directed against city-hall strategies that seemingly focus on the economic revival of the zone yet neglect urgent issues around the poor quality of especially immigrant families’ homes and of neighborhood health services, as a member of the neighborhood association relates:

“There have always been tensions with the city-council, because they have always been more concerned about the neighborhood’s image than about residents’ actual needs, which are housing, the very old health center ... (...) So, the city started proposing rehabilitation projects, but ignored our social needs for many years. There was a lot of networking of different local groups to denounce this and to create alternatives. We created a platform and made a very large diagnosis of the social needs. (...) In that sense, it is a very rich neighborhood with a powerful and vindictive neighborhood association.” (I09, neighborhood association)

Neighborhood activists are framing a counter-green and -touristification discourse that prioritizes the *inclusion* of residents’ needs, emphasizing social cohesion, social organization, and neighborhood identity. They further denounce the institutional municipal focus on the economic re-valuation of the territory as a tourism site, centered around a beautification and museumification of the historic fabric. Their mistrust towards institutional processes is reflected in the poor attendance of the workshops initiated by CEA. During those sessions, residents expressed that they “did not want another botanical garden nor a touristic attraction park” (authors’ fieldnotes E01, E03) driven by a green aesthetic.

This lack of trust intensified in the context of a bottom-up initiative emerging from several collectives, aiming to create a playground co-designed with children on a former Old Town parking lot. Back in 2018, looking for funding, neighbors had participated in an annual city-

wide competition, through which all residents could vote for one project submitted by other residents and collectives. The winning project known in Basque as “Haurren Auzoa” (kids’ neighborhood) was meant to receive municipal funding towards its execution. However, in 2021–22, the initiative became instrumentalized by the municipality which, under a marketed bottom-up project aiming for children-inclusive planning, framed a vision for the economic revival of the area. This process created much resentment among residents, who critiqued the lack of inclusion of residents’ social needs and of self-organized initiatives. An interviewee from the neighborhood association explains:

“At that time, the [city-hall] decided to prioritize other projects and told us there was no money. Then the pandemic came. In the meantime, the PNV brought it up in the media as the star project for the Old Town’s rehabilitation plan. We were very angry, it’s not a project within the city’s rehabilitation plan. This is a project that arose from the neighborhoods’ needs. (...) Then they also presented the project in some NextGeneration grants to promote sustainable tourism, and we were like, what do you mean, to promote sustainable tourism? Without asking us, they used our documents for the application. The park is now done and very nice, it is used a lot, (...) that part is fulfilled, but the process of the city-hall was a disaster.” (I09, neighborhood association)

In sum, the project has two contradicting goals which stem from the way in which funds are framed and managed: On the one hand, NGEU funds are articulated to foment the economic growth of the tourism sector, in which naturalization contributes to the beautification of a historic neighborhood and is ultimately expected to translate into the economic re-valuation of the area. On the other hand, the naturalization through an envisioned slow participatory process is on paper supposed to enhance environmental awareness, quality of life for residents, and social cohesion across neighbors. Yet, residents’ organization against the touristification of the city’s emblematic historic center, partly financed by NGEU funds, means that they are feeling “forced” to leave the environmental benefits of the project aside to defend the traditional identity of their neighborhoods.

#### 4.2. The poisoned gift of receiving multi-level ad-hoc emergency funds for local democratic governance?

Drawing on this analysis, this second section examines the governance tensions articulated by local planners and technicians. Results find trade-offs between a) a municipal need to produce an efficient funding bricolage that may hinder co-produced urban climate projects and b) a prioritization of transparent justification by institutional actors over a fuzzy governance approach to ensure residents’ support for project implementation under MAEF.

First, as NGEU funds are being disbursed, local governments find themselves trapped between MAEF requirements and compromising localized visions of a “slow-er” governance that would prioritize democratic climate action. During several interviews, the city political and technical leaders shared their dependence on NGEU funds and the need to creatively harness their capacity to obtain them through a “bricolage” approach, even when projects might first be unpopular, also to achieve their ambitious climate goals. Access to MAEF such as NGEU is facilitated by municipal agencies grabbing on to strategies and project proposals ready to be pulled out for calls with short application timelines, as respondents explain.

“This is a strategy that comes from Europe. Europe is telling you what to do and how to do it (...). It is an opportunity for us, otherwise our rate of investment would have been much worse, we would not have enough money to invest. As small local entity, we must always be connected to higher institutions that give you sufficient funding.” (I06, city-council)



“They are saying the NGEU funds are for politicians to show off. The projects that we have done are sometimes unpopular. But of course, when Europe gives you money, you must take advantage of it. You don’t know if it is going to benefit or harm you, but you must do it.” (I07, city-council)

The structure of this multi-level funding environment also increases an already existing gap in access to formal funding sources between cities with a lower economic and technical capacity, often more vulnerable to climate impacts, and those more greatly prepared to apply to funds (Knuth and Krishnan, 2021; Robin and Castán Broto, 2020). Although such new finance sources are praised for their ability to support projects otherwise difficult to fund, Vitoria-Gasteiz’ planners express that both projects would have been funded eventually due to the city’s leadership in climate urbanism: “When there are plans, it is easier to obtain financing. And we knew that the [Old Town] project would be funded. Then, NGEU appeared. Those who have something prepared, even if at the level of an idea, have it easier.” Respondents further highlight the bricolage funding approach, by folding greening goals into tourism projects: “One of the NGEU is associated with tourism, it emphasizes the historic center, so that was a possibility for us to include our green infrastructure project” (I05, CEA).

Accessing MAEF, although an opportunity to materialize ambitious climate goals, poses hence the risk of being a poisoned gift for local democratic governance. Their support to achieving local climate objectives may not be seen by residents and might even be undermined by civic action which would otherwise be more supportive. This dynamic ultimately challenges the successful outcome of local climate action. Local decision-makers, viewing cross-scale governance as progressive policymaking, expressed this dilemma of obtaining citizen support for goals that might be ambitious for a city (climate-wise), but might not stand within residents’ priorities.

“The local adaptation of this European discourse with its much more global vision is really complicated. You have to transmit it to the citizens, so they understand why we are doing things, that it is not just an overnight idea. Sometimes, we may have a discourse a bit closer to this European vision, we are brave. At a political level, being brave has the risk that you may lose. Adapting these objectives that Europe is transferring and trying to insert them in the city’s

culture with its complications that may arise during the project execution (...) may even be separating you from residents. (I06, city-council)

Second, from a communications standpoint, there is a sense that attaching a European “identity” on to local climate projects might further disconnect residents from their municipal leaders, as in both projects examined here civic respondents criticize the project framings as responding to European priorities, exemplified by the municipal mention of becoming a “European Supercity” (Photo 3). Resulting civic contestation against selected projects thus stems from the lack of direct communication when projects get disclosed, articulated, and justified, especially in the context of a municipal dependency on those multi-level funding schemes, as a neighborhood association highlights:

“If anything, you have to be honest and say “To get this money, we have to justify or do it this way.” But at least, (...) communicate it properly and transparently. Ask the collectives: “How can do we do it?” It would already be perceived differently.” (I09, neighborhood association)

Instead of clearly communicating funding requirements, interviews reveal that the city refers to the strict timelines and Spanish government and EU evaluation measures to justify their fuzzy governance lacking transparency. Consequently, local decisionmakers externalize the city’s own agency and responsibility to higher-scale institutional actors while partly contradicting RRP obligations and locally stated ambitions of participatory governance, as put forward in its own UGIP, which most likely endangers a successful implementation of selected projects, especially the Old Town project’s vision of co-governance.

## 5. Discussion

We have analyzed the extent to which MAEF allow for the democratization of local governance of urban renaturing programs, prioritizing civic participation, inclusion, and equity. We have drawn on qualitative data around two urban naturalization projects currently implemented under the NGEU framework in the city of Vitoria-Gasteiz. Our findings show that funding requirements diverge from locally envisioned values about governance through conflicted perspectives of participation, inclusion, and equity by civic and institutional actors. We argue that civic



Photo 3. Marketing campaign of Vitoria-Gasteiz’ city-hall announcing the city as “European Supercity” in Spanish and Euskera (photo by the authors, June 2023).

contestation of the projects' governance is driven by two approaches to facilitate the operationalization of multi-level projects: a) a bricolage approach to assure the success of applications for climate finance, and b) a fuzzy local governance lacking transparent communication, which contributes to rather poor civic perceptions of projects. We argue that MAEF hence constitute an incoherence between the technocratic European vertical multi-level financing structure transferring money from private financial markets to local climate action and its locally formulated yet unrealized aspiration of inclusion and civic participation.

Given their financial volume, MAEF can allow for bolder experimentation in local project implementation. However, local democratic governance demands a slower rhythm than time frames embedded in such funds allow, especially if associated with civic participation which requires developing long-term trusting relationships between institutional and civic actors. More broadly in the context of global climate finance, this need for slower and financed-detached processes clashes with investors' interests for financially capturing local climate action that ultimately favors "income over outcome" (Jones et al., 2020, p.54). It also clashes with the governance structure of MAEF with short application and implementation timelines which reinforce technocratic top-down processes through expert evaluations aiming for coherence across policy scales (Bracking and Leffel, 2021; Hilbrandt and Grubba-uer, 2020). In sum, the administrative nature of NGEU leaves little space to deploy civic participation once funds are being disbursed, which goes partly against its own requirements (e.g. RRP's component #4) of required participatory processes.

Yet, despite this structure, time, and scale incoherence between multi-level design and administration and local implementation, our findings also highlight that some municipalities like Vitoria Gasteiz had not conceptualized the selected projects early on – before NGEU release – in a truly inclusive manner. When accessing MAEF, local decision-makers used an institutional bricolage through which they resorted to drafted climate action projects to be realized bit by bit as new adequate funding schemes appear. This approach benefits those municipalities with existing technical and economic capacity to prepare climate action (Bigger and Millington, 2020). As a result, local leaders such as those in Vitoria-Gasteiz prioritized dominant greening narratives aligned across policy scales, favoring economic growth, over the inclusion of local needs formulated by residents (Aalbers, 2020).

Through our research, we do acknowledge the presence of technical and political voices expressing a certain skepticism regarding civic participation to achieve *social equity* and associated climate goals. We refer here to some conservative groups blocking ambitious climate action, such as a car-free city, through mobilizing against traffic calming measures, as for example encountered in mobility projects in Quebec, Canada (see Scanu et al., 2021). Social equity can still result possible from non-participatory processes, if progressive municipal governments drive the greening of historically neglected areas, as exemplified by the Los Herrán Street project. While it has not fully achieved participatory justice, it has improved distributional justice by providing quality greenspace and reducing environmental burdens through traffic calming in a historically neglected working-class neighborhoods (Anguelovski et al., 2020). However, including the project in the "European supercity" narrative and its (unsuccessful) instrumentalization for the municipal elections attached a European narrative associated with and framed by a specific political party which alienated residents' support for the project. It was thus a missed opportunity to communicate its strengths to advance social equity. Lacking civic participation also limited addressing residents' intersecting needs, as seen in the campo negro controversy, and broader social equity goals, such as improving residential buildings and elderly centers.

The Old Town project with its envisioned *civic participation* through co-governance could have the potential to resolve the longstanding mistrust between neighborhood residents and local institutional actors. This can be achieved through the *inclusion* of residents' visions of green and by prioritizing the *social equity needs* of especially vulnerable

residents in project planning and execution. The lack of transparent communication, however, is a missed opportunity to clearly demarcate these possible strengths of the project and its socially orientated nature through a slower governance process. Moreover, the bricolage funding approach, here through NGEU tourism funds, may risk lacking civic support as the funds clearly formulate economic growth goals through a greened local tourism sector benefiting visitors rather than residents. Although led by a technical entity meant to be detached from local party politics, tensions are unlikely to be resolved under the current financing scheme. This shows that given the dependency on multi-level finance, transparent communication by institutional actors reasoning the funding scheme is crucial to secure residents' support. Moreover, genuine identification and consideration of local needs are key for long-term project success.

In sum, this study shows that contestation of greening projects goes beyond their projected material benefits, such as enhancing and revitalizing degraded public spaces with inclusive design principles like gender-neutral and multi-use greenspaces or co-designed green elements. Critiques are twofold: the first critique centers on governance processes that can be described at the local scale as "fuzzy" given the lack of transparent communication, a clearly formulated timeline and civic participation, resulting in a perceived neglect of local needs. We concur with Smeds and Acuto (2018) who argue for shifting focus on climate action from framing goals around socio-technical outcomes towards more process-oriented experimentation through co-governance. Real participation – before funds are announced and released for example – could help making climate action a priority among residents by having their needs and voices heard and supporting them in taking ownership of project successes (Grabowska et al., 2019). Governance processes should also recognize historically rooted place-attachments and socio-economic disparities. The second critique concerns the shallow institutional understanding of green evident in both the RRP's objectives and local project implementation. While both projects address the naturalization of public spaces in underserved neighborhoods, deeper structural sustainability interventions, such as energy retrofitting or improved healthcare services, are needed to address underlying issues effectively (García-Lamarca and Ullström, 2022).

Overall, despite municipalities' reliance on MAEF for advancing climate action, we argue that a bricolage approach can still efficiently secure funding while democratizing local climate initiatives. Planners and decisionmakers justify the lack of civic participation, of inclusion and of consideration of social equity goals on the strict timelines and requirements of MAEF, although these could have been addressed earlier in the process, upstream. Given that both projects were conceptualized before securing funding, they had access to two indispensable resources: time and a technical entity dedicated to developing new strategies and projects. This puts Vitoria-Gasteiz with its unique environmental entity of the CEA in a rather privileged position compared to other European mid-sized cities. A bricolage approach to multi-level funding can facilitate more democratized local climate action by incorporating shared principles and recognition of residents' needs early on in planning and design processes.

We acknowledge the limited scope of this research. We have focused on an early phase of implementation of local naturalization projects where their exact material outcomes and impacts as well as their civic reception are still unknown. Additionally, our study's sample size of two cases does not allow for statistical generalization of NGEU funds deployment across European cities and only offers a limited snapshot of the incoherence of multi-level governance of large-scale municipal green financing by zooming onto the governance challenges of two (re) naturing projects in the same institutional context. Future studies should explore the NGEU funds implementation in diverse national and sub-national contexts and assess the long-term impacts of MAEF on a broader scale post-project implementation.

## 6. Conclusion

As NGEU funds are a novel crisis recovery instrument, its exact impact on deeply greening and digitalizing local climate action remains to be seen. However, the analysis of the two projects in this paper highlights that the deployment of NGEU funds can be a poisoned gift if it endangers local aspirations for democratic governance in urban renaissance programs. Being “on the train of Europe”, as Vitoria-Gasteiz’ then-mayor claimed, thus comes as a trade-off between efficient climate project implementation and more participatory, inclusive, and social-equity oriented local climate action. This study also reveals the lack of municipal attention given ex-ante to questions of civic participation and inclusion, much before NGEU funds became available. As many NGEU-funded projects are still underway across Europe, we call for an evaluation of outcomes of implemented projects, so as to better distill the ability of large-scale, multi-level funds to realize just, local climate ambitions – both in high capacity and lower-capacity cities. Research is also needed on the longer-term impacts of trade-offs on social and environmental justice locally and on how municipalities navigate those trade-offs in a diversity of political, economic, and environmental contexts.

## CRedit authorship contribution statement

**Unai Pascual:** Funding acquisition, Resources, Supervision, Writing – review & editing. **Isabelle Anguelovski:** Conceptualization, Formal analysis, Supervision, Writing – review & editing. **Julia Neidig:** Conceptualization, Formal analysis, Investigation, Methodology, Writing – original draft, Writing – review & editing. **Aitor Albaina:** Conceptualization, Formal analysis, Supervision, Writing – review & editing.

## Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

## Data availability

The data that has been used is confidential.

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- Julia Neidig** is a PhD candidate at the Basque Center for Climate Change (BC3) and ICTA-UAB. Her research looks at narratives and values surrounding urban greening interventions, both on the political and societal level, working at the intersection of urban geography, political ecology, and urban planning. Focusing on the case city of Vitoria-Gasteiz, Spain, she is especially interested in the ways citizens can be involved in planning, through co-producing of new green narratives beyond mainstream framings. Julia holds a M.Sc. in Global Studies from Gothenburg University and a B.A. in Politics and Economics from the University of Münster.
- Isabelle Anguelovski** is the Director of the Barcelona Lab for Urban Environmental Justice and Sustainability, an ICREA Research Professor, and PI and Head of the Gender, Diversity, and Wellbeing Committee at ICTA-UAB. She obtained a PhD in Urban Studies and Planning from MIT before returning to Europe in 2011 with a Marie Curie International Incoming Fellowship. Her research examines the extent to which urban plans and policy decisions contribute to more just, resilient, healthy, and sustainable cities, and how community groups in distressed neighborhoods contest the existence, creation, or exacerbation of environmental inequities as a result of urban (re)development processes and policies.
- Aitor Albaina** obtained his European PhD (2007) in Biological Sciences (Marine Ecology) from the University of the Basque Country (UPV/EHU). Subsequently, he enjoyed a 2-year postdoctoral fellowship at the University of Wales in Bangor (UK; Molecular Ecology and Fisheries Genetics Laboratory). From 2010 to July 2015, he worked at the Department of Genetics of the UPV/EHU. From July 2015 to January 2021, Aitor worked as EU project technician at the Environmental Studies Centre (CEA) of the Vitoria-Gasteiz City Council. Since then, he is an assistant lecturer in the Department of Zoology and Animal Cell Biology of the UPV/EHU.
- Unai Pascual** is Ikerbasque Research Professor at the Basque Centre for Climate Change. He has engaged in IPBES activities as co-Chair of the Values Assessment (2018–2022), as Lead Author of the Global Assessment, and as member of the Multidisciplinary Expert Panel (MEP). He is member of various global scientific steering committees including the Global Land Program. His work centres on global environmental issues, including biodiversity loss and climate change, mainly from an interdisciplinary ecological-economics perspective.