

Creating markets that restore Scotland's nature? An online roundtable discussion hosted by Scottish Environment LINK and the Green Purposes Company

Statement

Scotland is in an enviable position to develop and design nature positive investible solutions with experience of developing carbon markets, a strong cultural investment in our natural environment, deep ecological expertise, and a commitment to tackle the nature crisis alongside the climate crisis. A partnership of government, investment specialists, eNGOS, landowners and land managers and local communities could lead the way in demonstrating nature positive solutions of the highest quality.

The Round Table broadly agreed what we know or already have in place, what we need to know or need to put in place, and also four next steps.

What we know and have in place:

- We are in a nature and climate crisis and we urgently need to halt the loss of nature and restore ecosystems and ecosystem functions now.
- Our actions to sequester carbon and to halt nature's decline are not the same, but could be synergistic if approached through adoption of nature-based solutions designed to deliver nature positive results. But this is not a given and voluntary carbon markets could be detrimental.
- The market is moving very quickly: it is looking to invest now in carbon and is already looking for opportunities in ecosystem restoration and nature restoration. The demand is only likely to increase.
- Proposals / proof of concept could point the way forward and inspire confidence and rapidly build capacity to accelerate further action.
- Local communities must be involved: a fair share of the benefits need to accrue to local communities by working through them in strong partnerships. Investment must not be dependent on ownership, or drive further concentration of land ownership in distant corporate entities.

What we need to know and put in place:

- The nature sector does not currently have the necessary skill and experience in larger scale financial planning and project structuring to be able to work with the major investment opportunities now entering the market. Working together would ensure all organisational aims are included in large scale project developments.
- The finance sector needs help in understanding what high-quality, reputable, nature positive actions look like, so they can target investible solutions that deliver multiple benefits and build trust in future markets that restore nature.
- A policy architecture to provide the design and structure for nature positive solutions can be effectively and efficiently generated in partnership. Solutions generated must be subjected to robust, independent accreditation, underpinned by market recognised standards and achieve verifiable biological outputs.
- Project or initiative pipelines at the scale to attract immediate investment need building up.
- Decision grade data on which to base actions are also required: data need to be accessible, replicable, reusable and at a level to support good decision making. However, the perfect must not be the enemy of the good.

- The market needs to build trust and integrity, based on high reputation initiatives and recognition of the multiple benefits and beneficiaries that good projects will address.
- Investment opportunities must make sense over long periods, recognising delayed revenue flows but the need for sufficient liquidity.
- Policy is lagging behind the market: we need to ensure policies drive incentivisation and integrity and prevent adverse impacts from unfettered market interventions. Existing markets in forestry, agriculture and carbon are already driven by regulation and policy and must be reformed to align with nature restorative investment.
- Practical commercial skills, capacity and infrastructure to deliver on the ground in Scotland are likely to be in short supply and we need to share and build them up to operate at scale. This is the significant opportunity our 'next steps' proposal can help deliver. Learning by doing is part of the solution.
- Finally, we would benefit from a vision - agreeing, across the partnership, what good looks like and where we can act best now.

Next steps: joining the dots

1. **Filling knowledge gaps and designing a process:** organise an online workshop, very soon, focussed on bridging the knowledge gap between nature finance and nature restoration to identify the conditions and build the commitment to develop at least one proposal to deliver a large-scale nature restoration exemplar. The workshop would focus on agreeing an approach and identifying the tools that can then be used to develop a proof-of-concept proposal.
2. **Producing a proof-of-concept:** we agreed that a proof-of-concept proposition would be very helpful in demonstrating the potential that Scotland has to offer on financing nature restoration. This concept may not achieve everything we are looking for in the longer term, but it would offer clear direction and learning for future enhancements, and, importantly, would act as an immediate shop-window for the global investor market. Developing such a concept would require tools and approaches that can then be used to develop more initiatives to deliver biological outputs through the market. It means creating a strategic partnership, going well beyond reactive responses to demands, from either the market or from nature.
3. **Policy and market speed track:** there is a key role for the Scottish Government to set out a clear vision and direction for market development and align existing initiatives to support a flow of private capital into high quality nature restorative initiatives, stating its expectations for availability of wider support mechanisms.
4. **Exploring the creation of a strategic and lasting partnership:** core representatives of the investment, policy, land owning and land managing, local community and environment sectors need to be able to work together to develop agreed guidelines, standards, policies and mechanisms for delivering trustworthy and high-quality nature positive initiatives in Scotland.

We are at a generational inflexion point for re-imagining markets that are no longer blind to pollution and nature destruction but price it in or, preferably, avoid it completely. Now is the time to act, given a global backdrop of rapidly expanding market demand and impatience for a new market architecture.

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