

Unlocking new markets for land and nature

“Our goal is to develop and catalyse new market solutions to support sustainable land management on UK farmland”



National
Trust

green
alliance...



Marcus Gilleard, 21 September 2017

Our goals

Be a catalyst for change: work collaboratively to solve challenges that no one organisation could fix alone

Change the terms of the business, political and regulatory debate on the commercial value of healthy, productive ecosystems and natural capital

Demonstrate the practical possibility of viable private markets for enhanced ecosystem services from land



Why?

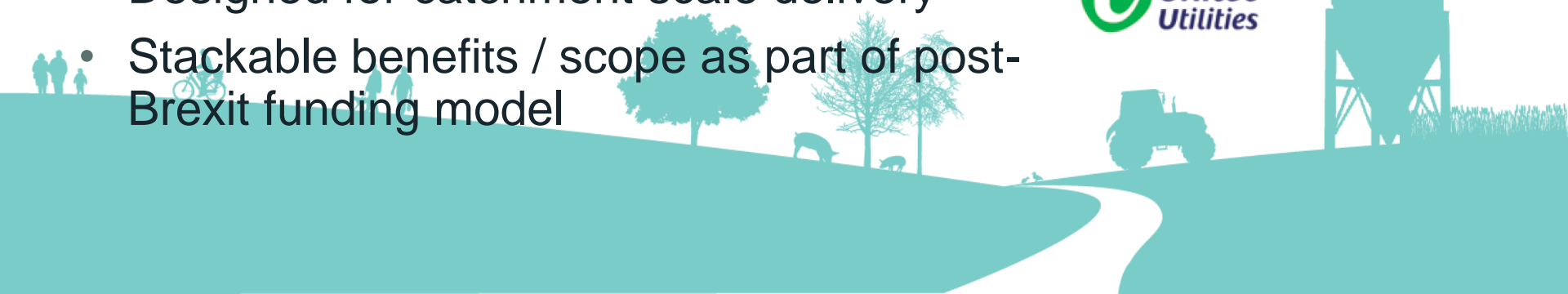
- NT wanted to explore how a paradigm shift could be achieved in the way land is managed and supported, by-passing CAP
- Decided to focus on natural capital, recognising twin benefits of investing in natural assets that underpin food production and opening farming to new funding possibilities - especially relevant for the uplands
- Increased political and public awareness of the benefits to society of good environmental management at landscape scale
- Genuine appetite among land-based businesses and their value chains for doing things differently: recognising dependency on natural assets
- Costs more to cope with degraded natural systems than it costs to restore them
- Brexit changes everything: public funding *will* remain critical but the private sector will increasingly need to play its part given its dependency on nature
- **Helping to move the ‘natural capital approach’ from rhetoric to reality: NT land as ‘test-bed’ and Green Alliance building a powerful coalition for change**



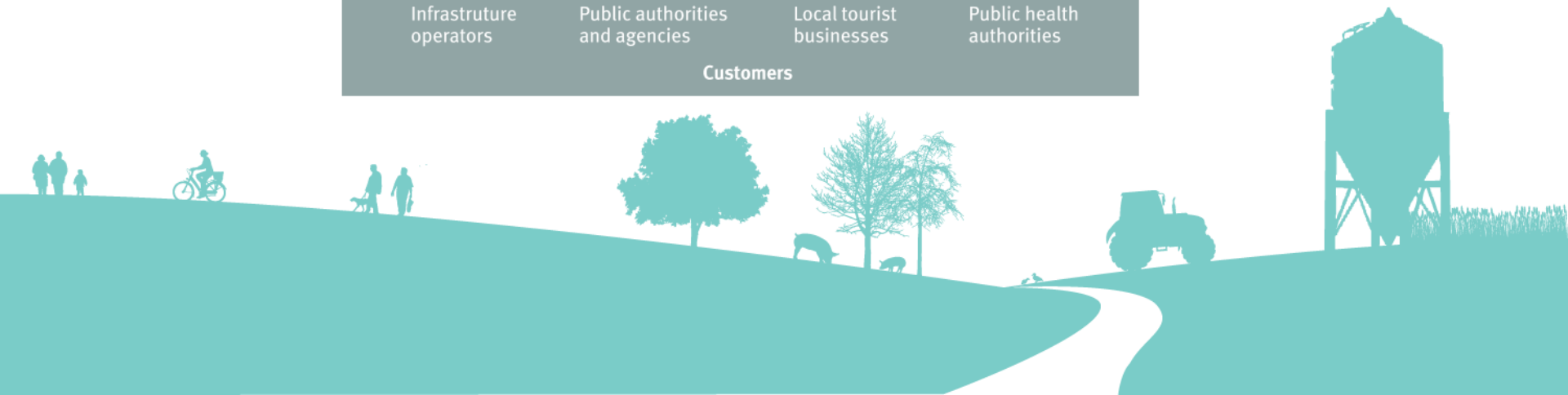
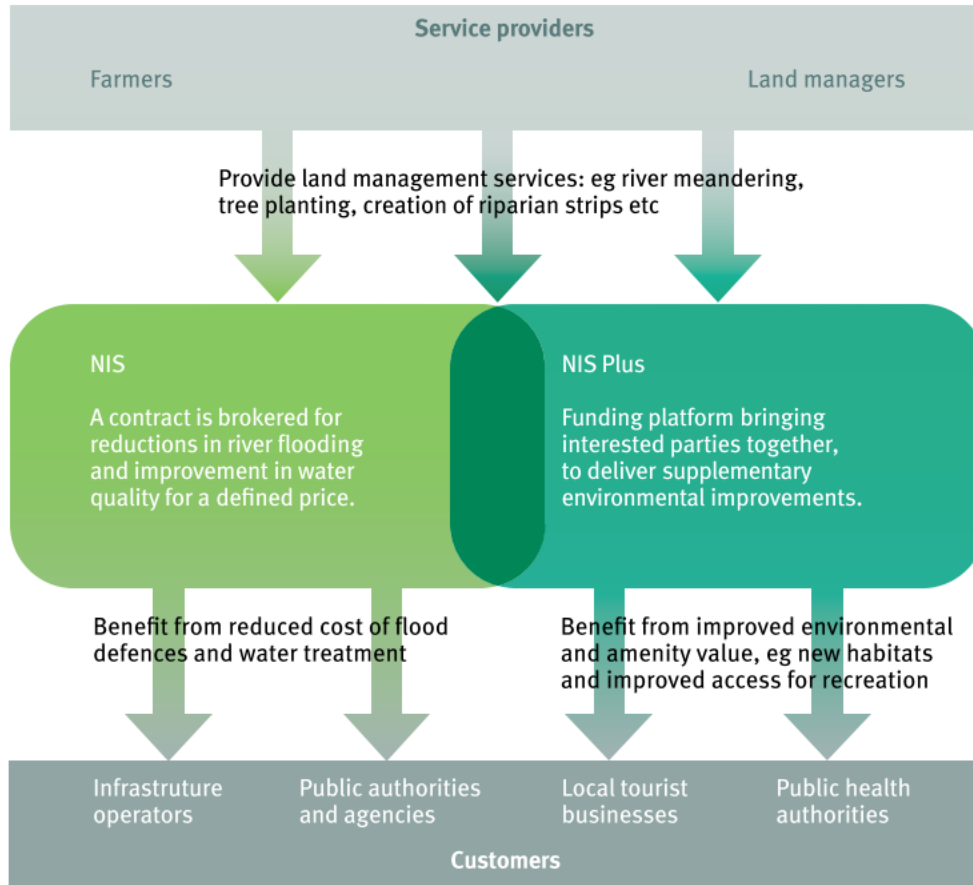
Our solution: Natural Infrastructure Schemes

Market-based mechanism based on private contracts for farmers to improve the ecosystem services generated by their land

- Market in avoided costs
- Multi-buyer, multi-seller model
- Farmer-led
- Payments incentivise change
- Sells a service based on results
- Designed for catchment scale delivery
- Stackable benefits / scope as part of post-Brexit funding model



How a NIS would work



How we are approaching it: 7 areas of inquiry

Science and practice

1. Land management and surveyors
2. Hydrology and catchment science

Economics, regulation and markets

3. Funding and investment
4. Sell-side regulation
5. Legal and contractual
6. Buy-side regulation
7. Environmental monitoring and enforcement

The NIS land management options

- Changes to agricultural practices to improve soil and reduce compaction
- Change of land use **not adjacent to** rivers e.g. bunds, tree planting
- Change of land use **adjacent to** rivers e.g. treatment wetlands
- Modifications to drainage infrastructure e.g. blocking pipes
- Alterations to the course of a river
- Creation of new structures in rivers e.g. woody debris



Where we plan to get to: our route to market

1. Better define the market potential: characterise catchments where a NIS-style contract should be possible
2. Characterise the business models that could underpin the market, and the outcomes they are likely to lead to
3. Pinpoint the key areas of risk and negotiation for buyers and sellers, and how the contract should look to address them
4. Identify actions for government, regulators and business to facilitate the emergence of this market



Which sites?

Extent of local water issues: flood / drought / water quality

Existing land use and quality in a catchment

Current status of local biodiversity and ecosystems [potential for significant co-benefits]

Flood risk profile for properties [current and future]

Land area in the catchment

Land ownership and management structure: numbers of owners, size and location of holdings, prevalence of tenants, common rights holders etc.

Area within the catchment subject to land use restrictions: participation in AES, covenants etc.

Presence of significant infrastructure at risk from flooding

Proximity / connectivity of land to infrastructure and / or local population centres

Scale of known planned flood resilience spending

Coverage of existing flood defences within the catchment

Catchment classification based on the catchment hierarchy

Flood risk for rivers / water bodies under defined rainfall events

Engagement of local political figures (MPs, local authority leaders) with flooding

Economic
potential

Local flood
or water
quality
costs

Geo-physical
potential

Catchment
and land
use
mitigation
options

NIS

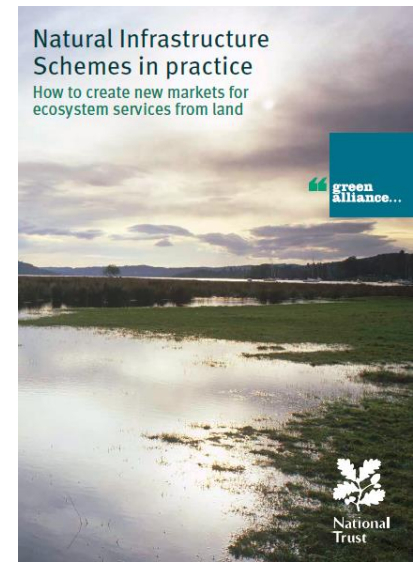


Latest report: route to commercialisation

Identifies three conditions to be met

- Technically viable water attenuation projects
- Provable cost savings for private organisations that would otherwise be exposed to high costs from flooding
- Development of a robust commercial framework including contract and payment terms

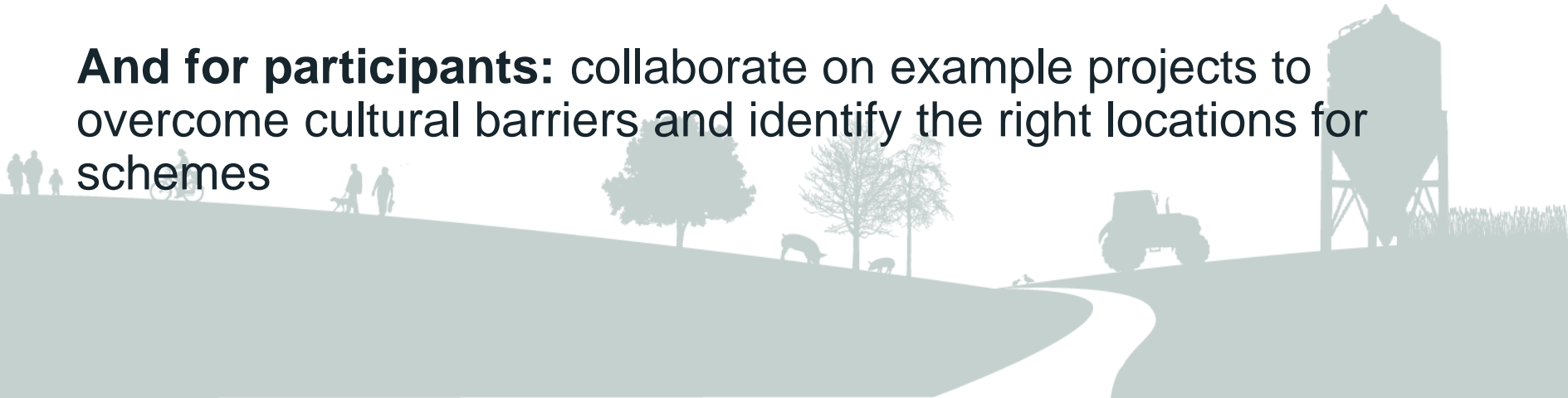
Explores economic viability based on thought experiment in the North-West (a region that will be particularly hit post-Brexit)



What can government do?

- Use smart regulation to remove barriers and encourage behaviour change
- Improve local planning and procurement of flood risk mitigation
- Provide research funding to increase knowledge and reduce costs, including agri-environment seed-funding during post-CAP transition
- Introduce quantifiable long-term objectives for environmental restoration

And for participants: collaborate on example projects to overcome cultural barriers and identify the right locations for schemes



More generally?

- Explore synergies with future agri-environment schemes and a complementary approach to environmental efficiency, enabling food businesses to maintain the natural assets they depend on, and protect themselves from increased costs
- Develop a better understanding of the quality and extent of natural infrastructure assets, as well as capital and maintenance spending needed
- Develop an investment programme and catchment-based approach to inform and direct where public payments should be invested and new markets created for greatest benefit



Taking this work forward: four areas

- Test and prove the Natural Infrastructure Scheme concept
- Build a Leadership Group of landowners, water companies and others to champion and facilitate natural markets
- Continue to develop innovative and challenging ideas for natural markets (e.g. soil carbon, tourism, health)
- Engage with government and stakeholders to shape policy and build partnerships



Thank you

For more information

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