



Nature Based Funding Models

(excluding ELMS)

Complementary Approaches

- Top down
- Bottom up
- LIVs = 1 type of method for executing strategies
 - Funding, commercial interface, long-term management, governing structure
- 2 main legal forms (although many more exist):
 - Community Interest Company Limited by Guarantee – assets for public good
 - Company Limited by Guarantee – a common structure in 3rd sector

- Land Investment Vehicles (LIVs)
- Moor Associations
- Farm Clusters
- Community land Trusts

Lowland Peatland Code

- Expected autumn 2022
- Agreements last 30+ yrs
- Quality assurance helps take full advantage of nature based funding models

Wilder Carbon – Environmentally holistic

- Agreements last 50+ yrs
- Mechanism for investors and carbon credit buyers who want to safeguard nature
- Somerset Wildlife Trust = “Trusted Deliverer” = proven track record of safeguarding land for wildlife,
- Wilder Carbon Standards = developed by cross-sectoral experts, enables projects to be certified and matched to ethical buyers
- Honeygar = Pathfinder Project
- Wilder Carbon Estimated Issuance Units (EIUs) and Wilder Carbon Credits can only be purchased by “Approved Buyers” who align with Wilder Carbon Principles
- Investors can fund individual projects or whole landscapes

Market Research and Brokers

- Needed due to new and emerging markets
- Operate credit marketplaces

- Financing Nature Recovery UK
- En Trade - Catchment Markets (Bristol, Avon and Somerset)

Paludiculture

- Farming and agroforestry systems designed to generate a commercial crop from wetland conditions using wetland tolerant species
- Does not seek to displace conventional agriculture
- Not directly concerned with biodiversity, habitat loss or nature conservation

Independent Business Opportunities

- Bioenergy Crops (24 spp.)
- Food Production
- Antibacterial
- Food Preservation
- Medicine
- Construction materials
- Fabric

Ecotourism

- Ecosystem services are a wide range of social, economic, cultural, and environmental benefits
- Cooperation, training, funding, infrastructure development, etc. will need private funding to be properly developed

- Bird watching
- Canoeing
- Camping
- Education
- Culture

Carbon Credits

- 1 credit = the emission of a mass equal to one ton of carbon dioxide
 - Average price per credit in 2021 = £4.02
 - Expected price per credit within Wilder Carbon agreements = £75 to £100
- A carbon credit is a permit that allows a person or organisation that holds it to emit a certain amount of carbon dioxide or other greenhouse gases
- When landowners decide to provide land for carbon credits, they agree to certain practices i.e. practicing regenerative agriculture to maximize carbon storage.
- Voluntary carbon markets = buyers investing or trying to meet internal standards for carbon footprint reduction
 - Estimated value of ~£846 million in 2021
- Compliance (cap-and-trade) market = companies trading allowances. Limits on pollution, set by the government, apply to a whole industry. The government regulates adherence handing out penalties for failure to comply
 - Estimated value as high as ~£230 billion for the year 2020
- Carbon credits can be verified to determine quality, the higher the quality the more likely buyers will trust it and invest

Credit Based Markets

Biodiversity Net Gain (BNG)

- Environment Act 2021 is part of UK law
- Fully integrated by 2023
- 10% BNG will become mandatory for all new developments in England
- Must be maintained for ≥30 years
- Developers ‘purchase’ statutory biodiversity credits through schemes that generate equivalent units elsewhere.
- More units must be purchased the further away the offset units are bought

Benefits for Landowners:

- Up-front establishment payment followed by annual payments
- Habitat improvement and creation
- Income ≥30 years
- Land ownership retained
- Agricultural status retained
- Ideal for low productivity farmland
- Land management options including grazing, hay etc.
- SSSI likely not included

(BS 8683 released Aug 2022)

Phosphate Payments

- 1 credit = 1kg of phosphates removed in 1 year
- Not fully developed, standardised or established
- Payments for natural solutions for public and private sectors to offset phosphate levels
- Developers to purchase credits from Somerset West And Taunton Council in River Tone sub catchment
 - ~£54,222 per credit based on generation cost

- Cover crops
- Livestock watercourse exclusion fencing
- Wetland creation
- Buffer strips
- Arable reversion to species rich grassland

Flood Water Storage

Ecosystem Service Payment Schemes

- 2018, 16 trial farms shared £30,000 – improve flood control through management
- 2021, 55 landowners – flood water storage ELMS test and trials
 - Development and delivery of floodplain scale floodwater storage provision report due 2022 – how to incentivise investment and participation and construct appropriate agreements