

Cross-Party Group on Nature and Climate

Wednesday, 19 June 2024 at 12:00-13:30

Minute

Present

MSP Attendees

Mark Ruskell MSP

Maurice Golden MSP

Non-MSP Group Attendees

Io Hadjicosta (Office of Mark Ruskell MSP)

Kaley Cochran (Office of Brian Whittle MSP)

Juliet Caldwell (Scottish Environment LINK)

Dan Paris (Scottish Environment LINK)

Mark Reed (SRUC)

Gilly Mendes Ferreira (Scottish SPCA)

Calum Duncan (Marine Conservation Society)

Andrew Heald (Consultant)

John Uttley (NatureScot)

Lorna Dawson (James Hutton Institute)

Chris Perkins (SMEEF)

Fiona Partington (Fife Coast & Countryside Trust)

Susan Szymborski Welsh (Scottish Forestry)

Imogen Casdwaladr-Rimmer (SRUC)

Josselyn Rizo Olguin (John Muir Trust)

Kieran Thomas (Butterfly Conservation Trust)

Kirsty Tait (Food, Farming & Countryside Commission)

Linsey Mortimer (ecus)

Pat Snowdon (Scottish Forestry)

Jason Ormiston (NatureScot)

Peter Baker (Edinburgh Innovations)

Juliette Camburn (Keep Scotland Beautiful)

Victoria Loughlan (UK Infrastructure Bank)

Colin Brown (ecus)

Karen Blackport (Bright Green Nature)

Ruchir Shah (Scottish Wildlife Trust)

Thomas Widrow (John Muir Trust)

Phoebe Cochrane (Scottish Environment LINK)

Claire Dailey (WWF Scotland)

James Merchant (Marine Conservation Society)

Kerry Waylen (James Hutton Institute)

Diarmid Hearn (National Trust for Scotland)

Apologies

Finlay Carson MSP, Monica Lennon MSP, Mercedes Villalba MSP, Meghan Gallacher MSP, Beatrice Wishart MSP

Agenda Item 1: Welcome to CPG Nature and Climate

Mark Ruskell MSP welcomed members and speakers to the CPG meeting.

Agenda Item 2: Speech from Ruchir Shah, Director of External Affairs at Scottish Wildlife Trust

- Natural Capital Finance is the latest chapter that the Scottish Wildlife Trust (SWT) have been exploring. SWT have played a lead role in creating a space for nature finance conversations via the Scottish Forum on Natural Capital and the Scottish Nature Finance Pioneers. The key consideration of this work is the importance of acknowledging public support for nature restoration and community engagement. Private finance and new forms of bringing money into this is not a substitute for public funding, but it is a vital component.
- There is an urgency to restore biodiversity globally and in Scotland. 1 million species are at risk globally. Scotland is in the worst 28 countries for biodiversity loss. State of Nature Report – 1 in 9 species is at risk in Scotland. It is critical to have alignment with the UN's Decade on Ecosystem Restoration and deadline of Sustainable Development Goals.
- SWT's vision is healthy ecosystems supporting wildlife and people. SWT highlights that a Just Transition must address the climate and nature crises. The scale of the finance gap for nature restoration is contested. The Green Finance Institute estimated £20 billion, but it is difficult to quantify exact costs. We need to act now. The public purse and the scale in which Scottish Government can provide resources is not enough. We need effective regulation. SWT advocates for nature-based solutions and policy shifts in farming and wildlife management.
- Ruchir outlined the different types of finance involved in nature restoration: philanthropy and donations from the public; investing from corporations; green bonds; carbon offsetting; and payment for ecosystem services. There are few examples where it is already working as it is difficult to quantify in these early stages.
- The SWT Riverwoods project – Alliance for Scotland's Rainforest, SMEEF and NatureScot are in collaboration with national lottery. The project demonstrates that we are in the stage of confidence in unlocking finance at scale for nature in Scotland.
- Everyone keeps raising the issue of policy coherence which is coming from the Local Governments. A few ways that environment NGOs are trying to play a

role in supporting this is through advocacy (Wildlife Management & Muirburn Bill), Nature-based Solutions, Invasive Non-Native Species, and Nature Networks.

- It is important to create the space for policy innovation. The Scottish Forum for Natural Capital fosters that cross-sector collaboration needed, and we now need robust governance – e.g. nature markets.
- The risks of Natural Capital Finance include the potential of greenwashing and the commodification of nature. The language used around Natural Capital can put people off. Natural Capital is an asset to be valued and achieving trust is key. We need to see transparency in assessing the costs, including lessons learnt from other initiatives.
- Natural Capital Finance is not about assets to be exploited, it is about assets being valued. We are part of nature. We need a collective approach to developing a sustainable natural capital framework.

Agenda Item 3: Speech from Mark Reed, Co-Director of the Thriving Natural Capital Challenge Centre and Professor of Rural Entrepreneurship at SRUC

- Mark gave a sense of the landscape with regards to inseting and offsetting. Companies who have their own net-zero targets may have indirect emissions through their supply chain. Concerns from the farming communities that these are just expectations. If you have done everything you can to reduce your emissions but still have residual emissions you may choose to offset via carbon markets.
- Greenwashing is a risk. For these markets to have integrity we need to tackle integrity issues. Companies can offset their way into the green books without changing their high-emitting actions. The UK Government consultation on this will look at options. We need to consider whether there is anything we can do with Scottish powers to prevent greenwashing. BSI are running a nature markets standards programme. The high integrity end of that market can accredit to the BSI carbon standard. The ideas are that the market will move to only BSI accredited standard.
- The Scottish Government plans to develop a natural capital market framework and is currently firming up its interim principles with an ambition to provide community benefit. There is ongoing research to see how working with existing markets can provide community benefit.
- There is negative press around carbon markets – the result of that is that companies are increasingly thinking about what they can do via indirect and direct emissions. There are problems with integrity on the inseting work, which BSI and DEFRA are discussing.
- There are problems but there are also solutions – this is an active conversation. We should not “throw the baby out the bathwater” during the nature and climate crises.

Agenda Item 4: Speech from Karen Blackport, CEO of Bright Green Nature

- Bright Green Nature (BGN) is actively restoring large and small land. Current discussions are around how there is a need to bring them together. We need a holistic approach with connected players on a large scale over the long term. Solutions do not move within typical finance markets.
- There should be a focus on progressing native woodland and peatland restoration through finance mechanisms, such as carbon markets and tax incentives. There are other ecosystems and habitats that are important such as species-rich grasslands and freshwater wetlands. They must also be on the front and centre to the drive for net zero. Current finance systems are not capitalising on these to meet our targets. Community benefit needs to be built into new finance models. Supporting a value chain around deer management will result in community benefits.
- We need to transform our private sector through the introduction of a robust regulatory framework that can hold businesses and stakeholders accountable. We need the Scottish Government to take the lead now and promote the adoption of transparent natural capital finance.
- We have encountered problems such as Sitka plantations. We must find a way to fund the prevention of Sitka seeding with the focus on long-term carbon storage. There is a huge availability of nature-based projects on a sufficient scale. We need landscape-scale projects.
- We need to see engagement with local stakeholders on natural capital. This is currently lacking, but it is critical to success. Landscape-scale solutions and investment will depend on the nature of that finance landscape and the players involved.

Agenda Item 5: Questions and Answers

- Question: How are complexities of different models and how they land on the ground dealt with? There are considerable PR challenges.
 - Ruchir Shah (SWT): Positive projects engaging with communities are not in the mainstream press such as Highland Rewilding, Lauriston Farm, North Woods, Scotland Big Picture and Cairngorms Connect. We are not in the demonstration phase specifically with nature finance. There is a need for visibility. There is an importance for policy makers and senior colleagues in environmental NGOs to champion what is going well.
- Question from Kirsty Tait: At the Scottish Land Commission (SLC) conference there was suspicion from attendees on nature capital finance. How do we ensure access to these markets for all farms, especially smaller farms such as tenant farms and crofters?
 - Mark Reed: We need to focus on communities including tenant farmers and crofters. Markets that involve purchase of lands, woodland carbon code, and peatland code. These all require you to have a contract with the landowners. More projects that are coming forward from tenants would need a change in tenant lets (e.g., tax incentives).
 - Peter Baker: We are faced with challenges with smaller landowners. There are no economies in scale to make the natural capital framework work. Flagged that Pentlands Land Managers Associations have just received FERNS funding.

- Pat Snowdon: Small projects are eligible for peatland carbon code. The challenges are around the relationship with landlords and how they divvy up the carbon credits. There is crofting legislation that needs to be bottomed out to remove barriers where possible. Small project option for schemes – lighter touch approach. Group together – scheme.
- Mark Ruskell MSP: The NZET Committee is currently scrutinising the Land Reform Bill. There will be new model leases for environmental purposes and various reforms to tenant farms.
- Andrew Heald: Corporate carbon from the business side is to be aware of initiatives – how businesses look at their carbon footprint. Mainstream media on carbon projects. Need to be comfortable with risk.
- Calum Duncan: The Marine Conservation Society is involved with native oyster restoration projects. There is a gap between communities and natural capital work – lots of communities interested in restoration work including sea wilding.
- Question from James Merchant: There are few countries with a blue economy vision. If done right, this could deliver loads of benefits that are not just environmental, such as climate resilience, economy growth, and financial resilience. There needs to be more engagement from the private sector in measuring their performance in terms of ocean health. How can we scale up and establish a blue economy? We need to see the creation of ecological conditions (water quality), economic strategy with clear ambition and public spending (robust marine spatial planning). How can we ensure we have connected projects with long-term viability?
 - Ruchir Shah: A concrete example of that is pricing up communities which can have negative effects. There is a lot of discussion in Scotland around land reform legislation and the importance of transparency. The Scottish Nature Finance Pioneers Networks are bringing those conversations to the surface.
 - Mark Reed: Key concerns is the development of secondary markets with money changing hands. There is no mechanism to prevent that in the UK and is on a more voluntary basis – new markets can create those secondary markets. This is a risk on a national scale by generating lots of capital without any benefit to nature/climate.
- Question from Diarmid Hearn: How do speakers see international markets working with domestic markets?
 - Pat Snowdon: This is part of the discussion around transition. Nature markets are producing new revenue schemes. Carbon credits have done that to some extent. Carbon prices go out the more those revenue schemes become important. International markets – woodland carbon code is a domestic scheme (companies with emissions in the UK) so they do not transfer credits overseas.
- Thomas Widrow: John Muir Trust are interested in leaving nature to thrive. How will natural capital markets let nature to thrive in those spaces?
 - John Uttley: There is a CivTech challenge called Credit Nato trying to develop a scheme – trying to quantify ecosystem integrity and the ability of ecosystems to support themselves and develop in a way that they would do naturally. What they are trying to do is develop a system which involves a nature investment certificate with nature credits that are verified uplifts. Not preceptive in terms of outcomes – about establishing

conditions where nature can thrive. There is an increasing need for companies to disclose their impact on nature. Support the development of a 30x30 network through the mechanism of OECMs – parallel to the traditional statutory conservation network.

- Kerry Waylen: There is a need for collaborative action at landscape scale. Work on how to do this – project by Climate Exchange of how to facilitate landscape scale action in Scotland. Should Regional Land Use Partnerships (RLUPs) be used to reconcile concerns?
 - Peter Baker: RLUPs are a great mechanism to get different viewpoints in the room – commercial forestry, recreation, nature restoration. It is great to have discussions with stakeholders that hold different views and can provide a good starting point. The South of Scotland was the only successful RLUP.
 - Mark Reed: RLUPs – official Scot Gov evaluation report does not align with above opinion. Result is RLUPs are being commissioned. We need to take a landscape approach to this – siloed approach encourages trade-offs. Integrated approach – landscape enterprise networks. RLUPs are a potential scaling mechanism.

Agenda Item 6: AOB and Closing Remarks

Mark Ruskell MSP recommends environmental NGOs to organise visits with MSPs and MPs to see Natural Capital Finance projects to consider the ways various stakeholders can work together to achieve common goals.

The AGM will be held in November 2024 with a follow-up meeting in the new year to be decided among MSP and Non-MSP Members. Any topic suggestions are welcome to be shared with the CPG Secretariat and Convener via email to juliet@scotlink.org, dan@scotlink.org, and Mark.Ruskell.MSP@parliament.scot.