Role of the Private Sector in Nature's Recovery[1]

Questions

Question 1: Do you agree with the 4 intended objectives for policy to increase investment in nature set out above?

- *Do you agree with each of the 4 objectives?*
- *Any further comments including other factors the government should consider?*

No. Given that the voting public consistently expresses a desire for policymakers to take stronger action to protect the environment and the countryside, there should be an overarching objective that requires all businesses to avoid harm to the natural environment, firstly by choosing where development is located, or by taking other actions to protect the most valuable land (see below). To start from the premise in Objective 1 that "*Everything we do must support sustained and resilient economic growth*" will lead to further environmental decline, especially given the current proposals to remove protections for nature in other legislative changes and proposals. This premise essentially ignores the previous acknowledgement in the introduction that the stock of natural capital in England is valued at £1.4 trillion, and the annual benefits of service flows from those assets at over £35 billion, larger than any single manufacturing sector. It seems that the work of Dasgupta, in his review, would be very appropriate to inform this review. Here is a reminder of what the Review concluded:

> "*Our economies, livelihoods and well-being all depend on our most precious asset: Nature. We are part of Nature, not separate from it. We rely on Nature to provide us with food, water and shelter; regulate our climate and disease; maintain nutrient cycles and oxygen production; and provide us with spiritual fulfilment and opportunities for recreation and recuperation, which can enhance our health and well-being. We also use the planet as a sink for our waste products, such as carbon dioxide, plastics and other forms of waste, including pollution. Nature is therefore an asset, just as produced capital (roads, buildings and factories) and human capital (health, knowledge and skills) are assets. Like education and health, however, Nature is more than an economic good: many value its very existence and recognise its intrinsic worth too. Biodiversity enables Nature to be productive, resilient and adaptable. Just as diversity within a portfolio of financial assets reduces risk and uncertainty, so diversity within a portfolio of natural assets increases Nature's resilience to shocks, reducing the risks to Nature's services. Reduce biodiversity, and Nature and humanity suffer*."

We suggest that the overarching objective is worded as follows:

All businesses, in all sectors, must do all they can to avoid harm to the natural environment, reducing the carbon footprint of all their activities and investing in nature's recovery to deliver sustainable, resilient growth. Developers must adhere to the mitigation hierarchy. Landowners must protect the most valuable land (in environmental terms) to support nature's recovery, climate mitigation and future food security.

Objective 1 should be amended as follows:

Sustained and resilient economic growth must be driven alongside ensuring our environmental objectives are fully met. This may apply to the:

[1] https://www.gov.uk/government/calls-for-evidence/expanding-the-role-of-the-private-sector-in-nature-recovery/expanding-the-role-of-the-private-sector-in-nature-recovery-call-for-evidence

- Government, through ensuring there are recognisable benefits to supporting growth in our natural environment and its resources, including through, for example, tax benefits for retaining, enhancing and protecting the most valuable land (in environmental terms), including irreplaceable habitats –tax benefits could also apply when regenerating brownfield land but not to development on greenfield sites
- landowners, though ensuring the most valuable land (in environmental terms) is retained, enhanced and protected to, for example, minimise the impacts of climate change on other businesses and government services
- business sectors themselves, through ensuring greater business resilience, productivity gain, resource-use efficiency, reducing waste, cost avoidance, and revenue diversification
- whole economy, through the cross-cutting benefits it draws from a healthy natural environment and natural resources
- emergence and expansion of new industries and services in the green economy, including a growing market for nature services where the UK has the opportunity to take the lead
- SME businesses will also be incentivised to support the generation of a nature positive economy.

As set out above, the government should specifically create fiscal benefits for SMEs for investing in the natural environment (such as incentivising them to, for example, plant/replant hedges, replace artificial lawns, use permeable surfaces for driveways, reduce waste, promote and assist local community actions to support nature's recovery, climate mitigation and future food security).

Question 2. Is there evidence from existing domestic or international policies which the government can learn from regarding:

- *the benefits of policy action to increase private sector investment in nature?*
- *the policy actions that are most effective and efficient at increasing private sector investment in nature?*
- *the risks of policy action to increase private sector investment in nature?*

In the UK**, Crown Estate**

In the UK, Crown Estate[2] is well advanced in strategic environmental mapping to inform development. The aim is to enable the "*delivery of multiple priorities including net zero and nature recovery, as well as the enhanced co-ordination of future activities out to 2050*." Those conflicting priorities include offshore wind, carbon capture, fisheries, habitats, tourism.

The Crown Estate platform will model how future demands could be accommodated and integrated in a co-ordinated way, help ensure the seabed is proactively managed and help inform interactions between offshore and onshore infrastructure planning, such as the development of electricity networks.

This case study indicates how important technology and evidence are in understanding priorities to plan ahead.

[2] The Crown Estate to digitally map scenarios to inform co-ordinated approach to future seabed use

Costa Rica

Costa Rica is an international success story that the UK should learn from. It has taken a cross-government approach to a rigorous legal framework (63 conservation-related laws and policies) and has a pioneering Programme of Payments for Environmental Services[3]. Costa Rica employs a comprehensive approach to ensure that biodiversity is preserved during development activities, integrating legal frameworks, assessment procedures, and conservation incentives. This began in 1998, with Biodiversity Law (Law No. 7788). This law aligns with the objectives of the UN Convention on Biological Diversity, focusing on conservation, sustainable use of resources, and equitable sharing of benefits from genetic resources. It emphasises respect for all forms of life and incorporates traditional knowledge into biodiversity management.

Crucially, the country integrates environmental considerations into its development policies, promoting sustainable tourism, organic farming, and eco-friendly business practices. These efforts aim to balance economic growth with environmental preservation.

As Greenpeace[4] points out, "*At the heart of Costa Rica's success has been collaborative thinking across government departments that has prevented conflict and ensured a cohesive policy strategy for sustainability.*" This was "*greatly helped by an institutional framework in which Costa Rica's environmental efforts came under a unified Ministry of Environment and Energy which brought together everything relating to natural resources, from energy and mines to water and the ocean*."

Recent biodiversity actions in Costa Rica include[5]:

- National Biodiversity Policy 2015–2030 made official using Executive Decree No. 39118-MINAE. Focus on improving the sustainable use of biodiversity as well as equitable sharing and distribution of resources. 2015
- Second national biodiversity strategy covering the duration from 2016-2025 approved.
- Marine protected area increased from 2% to 30% (2021). Cocos Island National Park expanded to more than 54,800 km2 and the Bicentennial Marine Management Area to more than 106,000 km2.
- Protected areas now cover 25% of land and 30% of marine areas, well above OECD averages.

In addition, mandating investment in certain circumstances will be essential, otherwise harms will be caused, nature will be depleted further and there will be no consequences for the culprits. Mandatory investment could be required, for example, when alternative, less harmful outcomes could be achieved but the business preference (for cost, speed to market, or other reasons) is chosen.

[3] Initiated in 1997, the PES program provides financial incentives to landowners for conserving forests, reforesting, and adopting sustainable land-use practices. This initiative has been instrumental in reversing deforestation trends and promoting biodiversity conservation.

[4] Biodiversity: Costa Rica's Remarkable Journey - Greenpeace International

[5] Costa Rica's Biodiversity Law - futurepolicy.org

Question 3. Which sectors could and should contribute as part of a catchment-based approach to water management for nature recovery?

As all businesses use water to some degree in their operations, including the service sector. One option to consider could be a 'blue tax', a small % charge on business bill payments.

Businesses which use most water or risk causing most harm to water should be obliged to participate. Data centres, for example, use an enormous amount of water for cooling, an incinerator also uses a great deal of water and pumps out potentially polluted water from the plant, chicken farms are hugely polluting. All these businesses must contribute to catchment enhancement through a polluter - and user - pays principle. There must be government incentives for less harmful impacts on water and catchments.

Question 4. What are the barriers to incentivising sectors that depend on the water system to invest in water outcomes? What actions are needed by government to address these barriers?

It is likely that lack of knowledge of how or where to invest, or a requirement to do so, are restricting actions.

More publicity on catchment partnerships (CaBA[6]) should be made available. More influence should be given to these partnerships to work within Local Nature Recovery Strategies in order to manage and monitor the effectiveness of water quality improvement work as part of Environmental Outcome Reporting. Mayors and strategic planning authorities should include water quality improvement targets as part of their remit and responsibilities.

Question 5. What activities by water companies that support nature recovery have potential to attract additional private-sector investment?

Activities that lead to a reliable, sustainable water supply would attract those businesses that need a plentiful supply. This could include peatland restoration, wetland and artificial lake/pond creation and the reduction of pollution entering rivers and other waterways.

Anything that can provide a return, ideally predictable and long-term, and anything that simplifies the process for those who have the capital to provide but not the knowledge. This is a non-related example, but it provides a good case study: a committee member was called a few years ago by a sustainability officer from an airport. The airport had decided to plant a certain number of trees (many thousands). Yet they had no land and no knowledge of how to go about planting trees. Another small local business approached the committee and asked how he could help to rewild in the local area – he was keen to invest, but there was no mechanism. It is highly likely that many businesses are willing to help with nature's recovery but do not have the knowledge about how to do so or a scheme to get involved with.

It would make sense for any scheme to be tied in with Local Nature Recovery Strategies since this work is already being done at a local level. In Essex, for example, following submission to Essex and to Colchester councils by three parish councils, a new 'Roman River Corridor' now features in both Colchester's Local Plan and in Essex's LNRS. This corridor would be an excellent focus for catchment-based, nature-recovery investment.

Offering companies promotional opportunities to showcase the good work they are doing would be a good incentive.

[6] https://catchmentbasedapproach.org/

Question 6. What should our priorities be when assessing the benefits of environmental enhancement measures proposed by the water sector?

Detailed evidence about the following should be included in the benefits assessment:

- any environmental harms to be caused by the initiative
- the speed at which the environmental enhancement measures will be delivered
- how tangible are the environmental benefits?
- how will they be measured and monitored?
- who will benefit (will the environmental enhancement result in more profits for the water sector and if so, how will these be shared with citizens)?
- whether the solution is proven (the government has invested over £20bn in unproven technology-based carbon capture and storage projects, for example, but nowhere near as much in proven nature-based carbon capture and storage initiatives, such as peatland restoration).

We should also consider whether there will be any costs required from the public purse.

Question 7. How can the water sector ensure that opportunities to deliver multiple benefits are considered from the start of investment planning and decision-making?

The water companies should convene all relevant stakeholders at the start of the process. See above on Catchment Partnerships. Water Resources East is a good example.

Farm clusters, like the North Essex Farm Cluster provide a direct link to those 'on the ground', the landowners and farmers who will understand the land, the issues and how to deliver change. Organisations like FWAG (Farming Advisory Group) have huge knowledge.

Question 8. What are the reasons why businesses fund or buy nature-based carbon through insetting agreements or markets such as the Woodland Carbon Code and Peatland Code?

Businesses will be better placed to explain their motivations.

It should be noted, however, that one of the many advantages of carbon sequestration via peatland is its own negligible carbon footprint. There is no requirement for manufacturing of major technology or equipment and no ongoing use of fossil-fuel based power (although we do recognise that restoration techniques might involve some initial machine-using groundwork and some installation of plastic dams or pipes).

Restored peat mosses require relatively low maintenance, perhaps some weed incursion control, but mostly it is over to the forces of nature and time to deliver the benefits.

Question 9. What are the barriers for businesses in buying nature-based carbon through markets such as the Woodland Carbon Code and Peatland Code?

Others will be better informed to respond to this question.

Question 10. How can government ensure policies to support tree planting are also effective in unlocking private finance for woodland carbon?

There could be some mandating in policy, particularly for businesses such as logistics, which have high carbon emissions outputs due to the number of HGVs on our roads. The government could introduce benefits for such businesses that reduce their carbon footprint by, for example, moving freight onto rail or water.

Tree planting should not always be seen as the panacea, managed natural regeneration should be encouraged. This brings many more benefits in terms of biodiversity and does not require a watering programme.

Question 11. Which sectors could be further incentivised to use, reuse and recycle timber as a low-carbon material?

Any user of timber must be incentivised to utilise such materials rather than, for example, unsustainable resources.

Question 12. How could businesses which emit greenhouse gases or have negative impacts on biodiversity be further incentivised to fund or buy nature-based carbon reductions and removals, in line with the polluter pays principle?

This question should perhaps be reframed, because if a business is polluting it should be incentivised to reduce emissions, not incentivised to pay to continue to pollute.

As mentioned above, there could be some mandating in policy, particularly for businesses such as logistics, which have high carbon emissions outputs due to the number of HGVs on our roads. The government could introduce benefits for such businesses that reduce their carbon footprint by, for example, moving freight onto rail or water.

Question 13. What measures could be used to increase and diversify funding to ensure our Protected Landscapes are sustainably resourced?

Care needs to be taken that our Protected Landscapes are not made more accessible if this would harm their purpose (irreplaceable habitats, for example, may be negatively impacted by increased human or domestic pet footfall). They must be treated differently to generic green spaces.

Businesses could be encouraged to 'sponsor' specific areas, either for protection or for access by local communities. Tax incentives could be given for financial sponsorship, but businesses should also be encouraged to volunteer resources and skills to local communities to provide benefits 'in kind'.

Question 14. Would you support greater application of the beneficiary pays principle in Protected Landscapes?

Yes. This could be in the form of a tourist tax that is ringfenced for measures that protect or enhance the natural environment. That might include fences around paths which prevent dogs and humans from disturbing stock and wildlife or might be for habitat creation or flood management.

There should be recognition that the Protected Landscapes offer benefits that those visiting should contribute towards.

Question 15. Would you support greater application of the polluter pays principle in Protected Landscapes?

Yes.

Question 16. What are the benefits, and barriers, to businesses investing in actions which help to contribute to 30by30?

Businesses gain many benefits from contributing to 30 by 30. It will help them to be seen as responsible, and gain customers. It will encourage staff loyalty and help with recruitment. It will also them to carry out promotional activities.

Barriers, as stated above, are knowledge of how to participate, and schemes to participate in.

Question 17. In order to support access to green spaces in more urban settings, what measures could be used to increase and diversify funding for local parks and natural spaces?

As mentioned in our response to question 13 above, businesses could be encouraged to 'sponsor' specific green spaces, either for protection or for access by local communities. Tax incentives could be given for financial sponsorship, but businesses should also be encouraged to volunteer resources and skills to local communities to provide benefits 'in kind'.

Question 18. Which of the beneficiary sectors of natural flood management are best placed to contribute to funding it?

There are not so much beneficiary sectors, as businesses that operate in high flood risk areas. So, the question should be reframed to state 'beneficiary businesses'. Local area schemes could be hosted by mayoral or local authorities, CaBA or farm clusters (with advice from the Environment Agency) that provide investment or funding opportunities for businesses in flood management. It would be worth investigating whether a local authority in a high flood risk area could create a flood levy on businesses. A catchment approach would be needed and there are farm clusters such as the North Essex Farm Cluster which covers the entire catchment of the river Blackwater and is very well placed to oversee natural flood management projects.

Question 19. What mechanisms could best enable this?

Landowners are well placed to deliver natural flood management services, but the main issue is how to connect landowners with funding businesses. As outlined above, this can be done through farm clusters, of which there are many, or could be done through mayoral or local authorities or bodies like CaBA and FWAG. The main thing that will need to be in place are systems and schemes that businesses can easily get involved with. Many of them will not have time or knowledge and to an extent natural flood management schemes should be handed to them on a plate for funding, with options for greater involvement for those who seek it.

Question 20. How can mechanisms such as these account for and adapt to the local nature of natural flood management?

As stated above, a catchment level approach can be taken, with local-specific natural flood management schemes available for private sector investment and managed by local experts such as local government, CaBA, farm clusters or FWAG.

To give more information on how this could work, the North Essex Farm Cluster is funded by Essex County Council, Anglian Water, Essex & Suffolk Rivers, Environment Agency and RSPB. It is very well placed to manage natural flood management schemes and to present them to the private sector. One of the original goals of the cluster was, in fact, to facilitate private sector funding into sustainable farming in the Blackwater Catchment. Schemes already in place in the Cluster area range from new wetlands, hundreds of ghost ponds restored, and new ponds added, culverts that take surface water into new scrapes, leaky dams, surface run-off ponds that hold water back, retention of flood plains for wetlands instead of for arable farming and more (including the beavers at Spains Hall Estate). With all the partners already working together, and the farmers of this cluster willing to work to restore nature, everything is in place for natural flood management solutions.

Question 21. What policies or financial models have been most successful in improving environmental performance and sustainability within the food and drink sector? Please provide evidence.

Others will be better informed to respond to this question.

Question 22. What further measures would be most effective in incentivising the food and drink sector to reduce its impact on nature and increase its investment in nature recovery?

Others will be better informed to respond to this question.

Question 23. How can measures best be designed to ensure fair distribution of costs and accountability across the food and drink supply chain, and to avoid putting domestic farmers at a disadvantage?

Others will be better informed to respond to this question.

Question 24. How can measures recognise and mitigate the impacts of the wider bioeconomy on land (for example, the use of natural fibres, timber, paper and pulp)? Which sectors are most important?

Others will be better informed to respond to this question.

One area to keep a careful eye on is the biodigester sector, which grows enormous amounts of harmful crops such as maize to fuel the plants.

Question 25. What measures could be used to increase investment in sustainable timber production and processing, and timber reuse and recycling?

Others will be better informed to respond to this question.

Question 26. Are you aware of your international nature-related risks, dependencies and impacts, for example, through using frameworks such as the TNFD? If so, how do you manage and address them?

Others will be better informed to respond to this question.

Question 27. What role is global nature playing in your investment strategy? For example, are you exploring investing in international ecosystem services, including biodiversity credit markets, or avoiding certain types of investments due to their impacts on nature? What would help you better integrate nature into investment decisions?

Others will be better informed to respond to this question.

Question 28. How can the UK help ensure that biodiversity co-benefits are integrated into international carbon markets, and vice-versa? How has your experience with carbon markets influenced your approach to nature markets?

Others will be better informed to respond to this question.

Question 29. Does the concept of access and benefit sharing apply to your organisation or sector? If so, how do you incorporate benefit-sharing into your business model?

Others will be better informed to respond to this question.

Question 30. What are the key challenges to investing in nature-based opportunities in biodiversity-rich countries? What can policy makers and market enablers do to help scale international nature investment and better connect supply with demand?

We would prefer to see the focus of this consultation being placed squarely on the UK. It is one of the world's most nature-depleted countries and private sector investment should be focused domestically.