

FINANCING UK NATURE RECOVERY

DRAFT RECOMMENDATIONS AND ROADMAP

DELIVERING HIGH-INTEGRITY MARKETS FOR NATURE

OCTOBER 2021



IMPLEMENTING THE VISION

Through the Financing UK Nature Recovery Initiative, this Draft Recommendations and Roadmap document has been prepared to consult on the actions required to deliver high-integrity environmental markets in the UK.

The draft final report will be published at COP26.

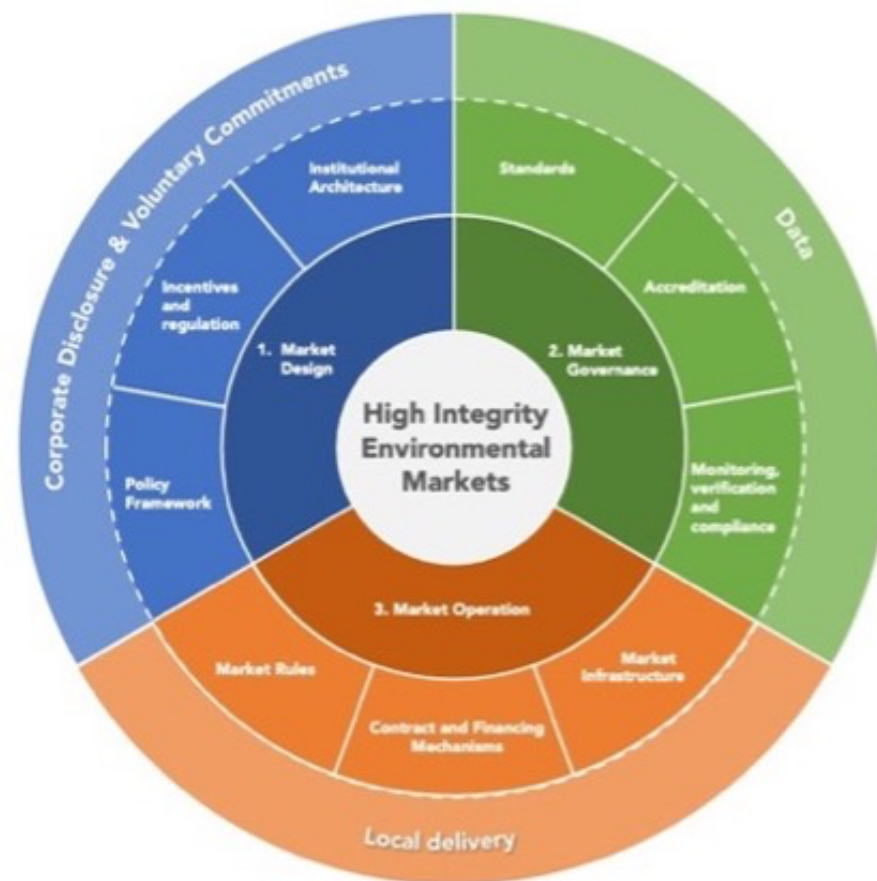
VISION

High-integrity markets for nature-based environmental services will become a major driver of nature recovery across the UK.

INVESTMENT FRAMEWORK

The Investment Framework lays out the key elements required for high-integrity markets for nature-based environmental services:

- **Market Design**, which requires an effective policy framework, incentives and regulation and a supportive institutional architecture. The role of emerging corporate disclosure and voluntary commitments will also need to be considered in the market design.
- **Market Governance**, which ensures robust data, standards and accreditation are in place. There is also a need for the environmental outcomes delivered to be monitored and verified and for any non-compliance with the required standards to be identified and addressed.
- **Market Operation**, which provides the market rules, contract and funding mechanisms and market infrastructure. Given nature is site-specific, markets also need to be developed and operated within a local delivery framework.



DRAFT RECOMMENDATIONS

MARKET DESIGN

Nature positive obligation

1. Assess the impact of establishing **sector-based nature-positive obligations and supporting fiscal measures** commencing in 2025, to provide a clear pathway for the delivery of long-term environmental targets.

Sector policy review

2. Undertake **post-Brexit reviews of the interaction between economic and environmental regulation starting in the water and agricultural sectors** to align incentives to deliver better environmental outcomes at lower cost to taxpayers and consumers.

Integrated environmental outcomes

3. Translate **long-term environmental targets into outcome targets for nature recovery and environmental improvement** at a local level to provide regulatory certainty and investment confidence.

MARKET GOVERNANCE

Market governance

4. Consult and agree on the **governance mechanism for environmental markets, including the institutional architecture for accreditation, oversight and enforcement** by the end of 2022.

Standards

5. Establish a UK-wide **system to develop and agree standards for measuring environmental services delivered by nature** in different regions, catchments, and areas.
6. **Integrate standards for assessing the carbon impact of investment in nature recovery** across UK ecosystems.
7. Commission the development of **standards for measuring nutrient reduction and flood mitigation** from nature-based projects.

Market Data

8. **Identify critical environmental data needs and make all relevant data available** in a consistent and accessible format to facilitate project development.

MARKET OPERATION

Project pipeline

9. Establish investment readiness and **pathfinder funds to provide sources of patient capital for demonstration projects** that prove the scale of revenues available from nature-based projects.

Local delivery frameworks

10. Develop and test **frameworks for local prioritisation, administration and leveraging of public funding** for nature recovery and environmental improvement.

Market infrastructure

11. Resource and develop **market infrastructure including registries, platforms, tools, and templates** to facilitate efficient market operation.

Market transition

12. Develop **country-specific implementation plans** to align and integrate the delivery of the Investment Framework with wider policy objectives.
13. Establish a **transition team to lead and coordinate the delivery of the Roadmap** drawn from across the four UK administrations.

ROADMAP

FINANCING UK NATURE RECOVERY – PUTTING NATURE ONTO A SUSTAINABLE PATH IN 2021

