

Galvanising Change via Natural Capital

Newsletter

March 2023

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Welcome

Kerry Waylen

Hello, and welcome to our second project newsletter. This comes as we finish the first year of work on ‘Galvanising Change via Natural Capital’. This newsletter features a mix of updates and ideas from across the project. As we move into the second year we will begin to embark more on primary data collection; this newsletter contains some information about where this will be focused.

In case you are not already familiar with our project, you can download a 1-page summary, visit our webpage at <https://www.hutton.ac.uk/research/projects/galvanising-change-natural-capital> or just contact me to find out more: Kerry.Waylen@hutton.ac.uk

Our project runs for 5 years and this newsletter comes out every 6 months: please do forward to any colleagues or contacts that may be interested. Anyone can subscribe directly by following [this link](#).

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Meet a team member

Every newsletter we introduce a different member of our research team. We collectively encompass a diverse mix of expertises and disciplinary approaches. For this edition we have Sarah Noles who is supporting the work on blended finance and impact in this project – see Mark Reed’s article in this edition for more information about the work on blended finance.

Sarah is a Research Assistant at the [Thriving Natural Capital Challenge Centre](#) at Scotland’s Rural College. Sarah has a background in social science, having worked on projects focusing on impact/theory of change evaluation and social attitudes research at the Institute for Methods Innovation. In addition to [Galvanising Change via Natural Capital](#), she is working on the EC-funded Wet Horizons project, conducting policy, governance and stakeholder analyses to scale up wetland restoration across Europe. In this RESAS project, she is excited to be leveraging social science methods to evaluate the opportunities and consequences of markets and blended finance for natural, economic, human and social capital, particularly with respect to issues such as equity, ethics, values, rights, and social/climate justice.

[Sarah Noles \(0000-0001-5768-7980\) \(orcid.org\)](#)



Update on our work exploring natural capital in policy

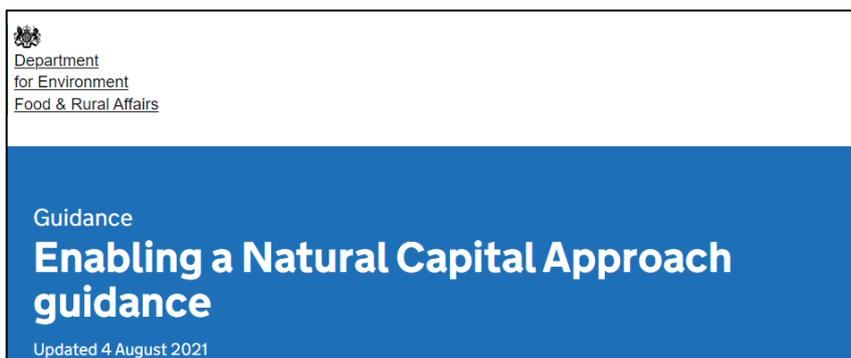
Kerry Waylen

Many associate ‘natural capital’ with enrolling private sector actors in conservation, but the concept may help embed sustainability in the decision-making of any type of actor. Accordingly, in our project we have a strand of work that explores if and how ‘natural capital’ may productively connect with policy-making processes.

In the coming year the Hutton team will look across multiple Scottish Government policy areas to survey perceptions of the natural capital concept and any awareness or uses of existing tools or datasets that relate to natural capital.

In the UK there are already some tools and resources recommended for working with natural capital in policy processes which go by the name ‘ENCA’ – Enabling a Natural Capital Approach. These resources are provided by Defra at <https://www.gov.uk/guidance/enabling-a-natural-capital-approach-enca>. ENCA comprises a mix of resources, from signposting relevant data through to guidance on using the concept in project and policy appraisal, with an especial focus on accounting and monetary valuation. Since ENCA is recommended by HM Treasury’s Green Book – which provides the rules by which policies, projects and programmes must be appraised – we will keep our ‘eyes peeled’ for awareness of that. The Green Book’s rules and requirements shape what gets prioritised. However, ENCA’s resources are ‘supplementary guidance’ to the Green Book, so it isn’t essential that they be used.

Of course, considering natural capital doesn’t necessarily mean using specific tools and datasets for policy or project appraisal. For example, an individual’s appreciation and understanding of natural capital might shape what is considered in scope at a more strategic stage of imagining a new proposal – so later shaping specific proposals and options that may later be subject to more quantitative appraisals. So, balancing attention to all aspects of decision-making and interpretations for natural capital is a challenge for our work. It entails the need for multiple approaches, and so we also plan a more ‘in depth’ case study with one policy area, to explore various ways in which natural capital could be connected with developing new proposals – more on this in the next newsletter!

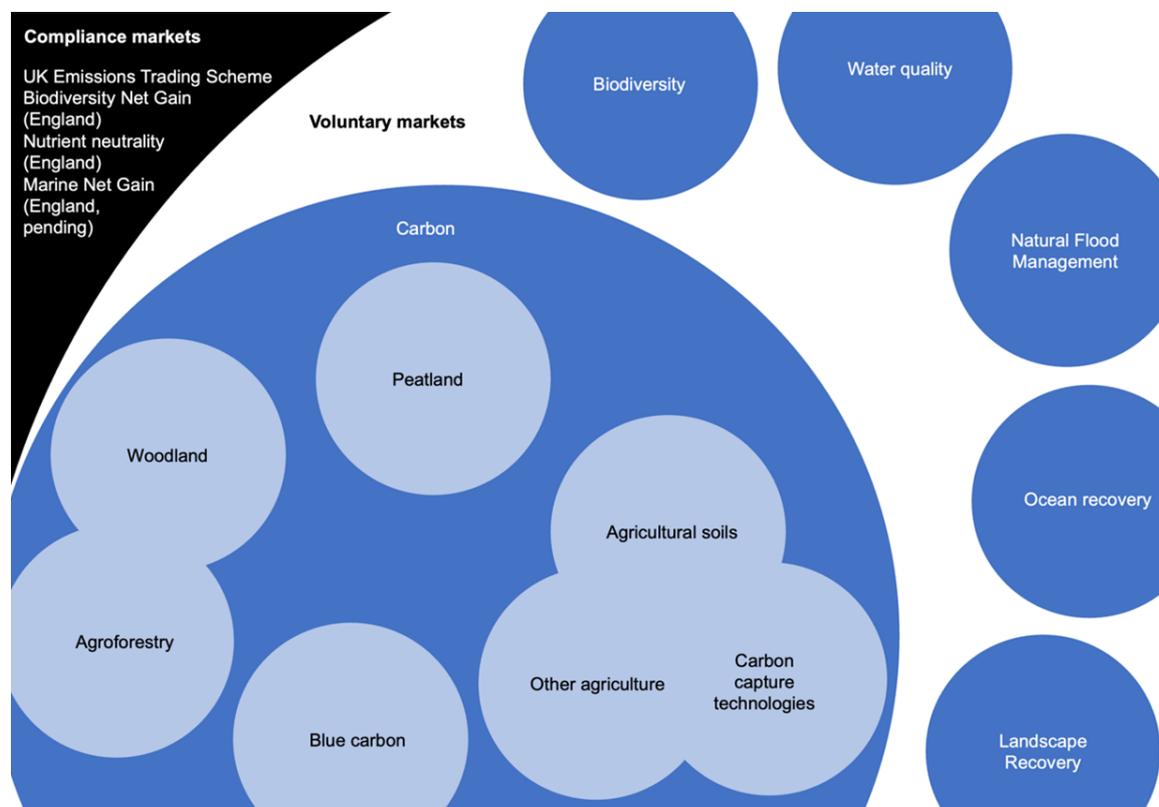


Update on our work on blended finance and ecosystem markets

Mark Reed

Understanding how to ‘blend’ public and private resources is a critical challenge for achieving fair and functioning ecosystem markets. To understand more about this, we are supporting and evaluating two Scottish Government policy processes that are designed to scale up and secure the integrity of ecosystem markets in Scotland. Firstly, our team are working closely with two Scottish Government teams evaluating publicly funded “blended finance” mechanisms that could de-risk and leverage more private investment in peatland carbon projects. Secondly, we are also supporting the team developing Scotland’s first Natural Capital Investment Framework, which will ensure that future investment delivers real benefits for climate, nature and rural communities.

To support this work, we have mapped the range of ecosystem markets operating and under development in the UK, and assessed the status of the wide range of voluntary carbon markets currently operating or close to market. We have also reviewed the range of blended finance mechanisms available to government, building on former work by our team and [Finance Earth](#). Work is ongoing to review the different policy and governance mechanisms available to ensure the integrity of ecosystem markets as they operate across the UK.



Lenses on Natural Capital – decision-making

Kerry Waylen

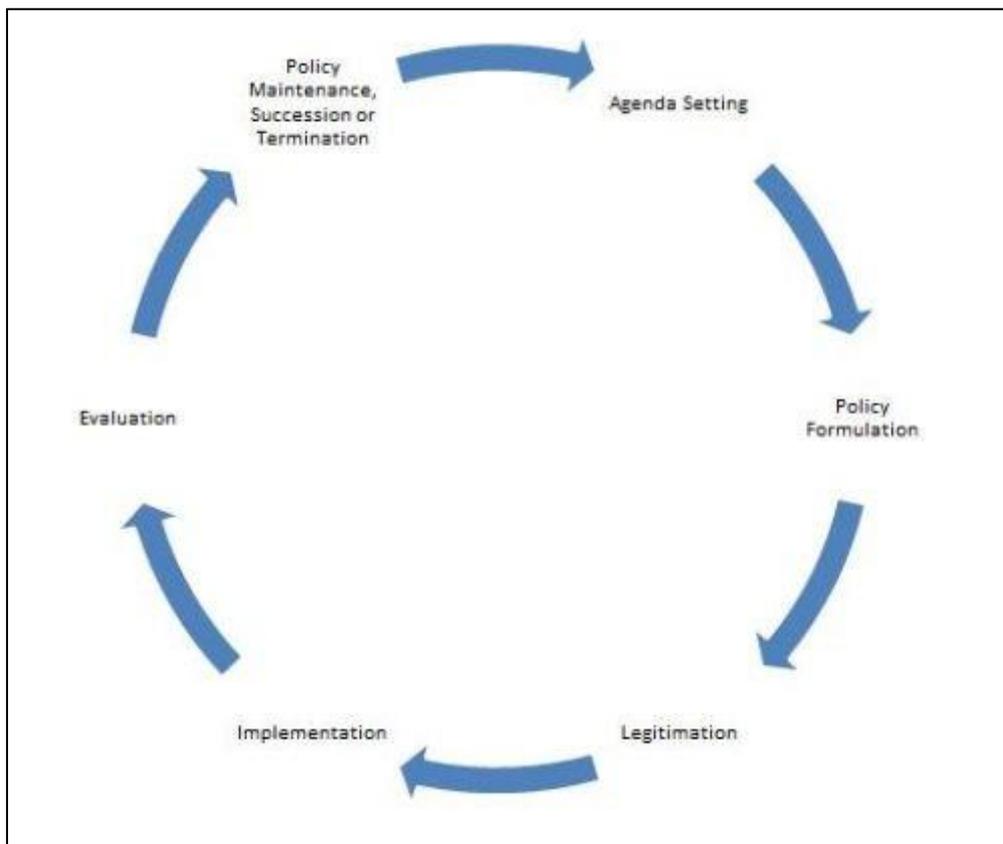
In my library there is a classic paper whose title I just love: [Carol Weiss's 1980 paper "Knowledge Creep and Decision Accretion"](#).

This paper provides a useful insight into the relationship between research, decision-making and those formulating policy. It helped shape a lot of scholarly thinking on knowledge use, but I am aware that it can be difficult to find online without academic journal subscriptions, so below I explain a bit more.

A key message of the paper is that research data (or indeed any form of evidence or evidence) is rarely used directly in decision making. 'Lightbulb' moments, where a particular piece of data changes minds or solves a problem do exist, but more often understanding and ideas gradually evolve over time. Decisions themselves often take shape gradually, and it can be hard to spot the moment that a decision is made.

The paper was based on 155 interviews in the US, with people holding high-level positions related to health policy at federal, state and local levels; but its message is relevant to other policy domains, and also to understanding how we can expect 'natural capital' to be influential or useful.

Firstly, the issue of decision-making in the public sector. Some stylised views of decision-making in policy (and other sectors and situations) present decision-making as a very linear rational process cycle. I think such cycles can be a really useful heuristic – and I do use them myself - but they are *only* a heuristic; they don't represent all the complex interacting influences shaping how a policy comes to be (re)formed or implemented. Even if I think about choosing to buy a new bicycle – which is a very well-defined and simple problem versus designing or appraising a policy – I would struggle to characterise my decision-making in this way. Policy-making is also a collective process, with many individuals interacting to shape what is considered and how. In Carol Weiss's study, many of her respondents didn't even perceive themselves as making decisions, even though collectively they were responsible for designing and implementing policy! So, those involved in decisions do seek out and use information, but the process is much more iterative and downright messy than a simple cycle suggests.



This image of the ‘classic’ way to describe policy making as a cycle comes from Paul Cairney’s blog, where he explains its value and also its limitations

<https://paulcairney.wordpress.com/2013/11/11/policy-concepts-in-1000-words-the-policy-cycle-and-its-stages/>

Secondly, the issue of what ‘useful’ natural capital looks like. Decision makers use information in a wide variety of ways and contexts. Carol Weiss’ findings remind us that a concept like natural capital may be still be influential even if policy-makers cannot name a particular dataset or tool that solved a problem or directly made a choice. This is what I would call ‘conceptual’ use versus ‘instrumental’ use (see [Waylen & Young, 2014](#)). Relatedly, what natural capital ‘is’ may vary in different moments and contexts. For example, perhaps a convincing narrative helps interest someone to focus and consider natural capital as relevant to a process, whereas finding a specific dataset is needed to help incorporate natural capital into a quantified appraisal of options.

Understanding knowledge use as complex and messy can entail complexities for those researching it. In this project we try to keep an open mind about natural capital and use, whilst acknowledging that we cannot analyse every potential use and interpretation of natural capital. For this reason we are always delighted to meet other researchers exploring any aspects of how natural capital is used or achieves influence! If that is you, please do get in touch by emailing me Kerry.Waylen@hutton.ac.uk or any other team member.

Events and resources

Here are a couple of things we are keeping an eye on, that might interest some of you too!

- The Ecosystem Services Partnership (ESP) aims “facilitate discussion and cooperation amongst those working in the field of ecosystem services” and increasingly that includes discussion of the Natural Capital concept. It has a bi-annual world conference, which will be held in Chile in November 2023. We won’t be travelling there, but aspects of the conference will be online and it has several sessions and discussions of interest, including a thematic group on ‘Ecosystem Service Accounting and Greening the Economy’. Below is a screenshot showing some of the session – you can find out more at about this and other groups at <https://www.es-partnership.org/community/workings-groups/thematic-working-groups/>

- TWG 11 – Global ES Flows
- TWG 12 – ES & Disaster Risk reduction (DRR)
- TWG 13 – Role of ES in Ecosystem restoration
 - TWG 13A – Biomimetic Solutions
- TWG 14 – Application of ES in Planning & Management
- TWG 15 – ES & Poverty alleviation
- TWG 16 – ES Financing mechanisms (incl. PES)
 - TWG 16A – Tree-based PES (PESFOR-W)
- TWG 17 – ES Accounting & Greening the economy
- TWG 18 – Governance & Institutional aspects

- In 2021 the UK government launched new government-owned ‘Infrastructure Bank’ (UKIB) and in November 2022 they published a discussion paper on how they could invest in and help grow natural capital markets. The Hutton team, amongst many others, commented on this – and it will be interesting to track if and how they engage and influence investing that is connected with natural capital. You can see their current position on this at <https://www.ukib.org.uk/news/role-of-ukib-in-natural-capital-markets>



- Curious about what is happening in other parts of the world outside of Europe? A recent Open Access paper by Fleming et al in Ecological Economics used a discourse analysis to explore land-managers perceptions of natural capital accounting (NCA) in relation to climate change. They found conflicting views around whether NCA should be achieved via diverse tailored approaches or a consistent approach for all, and observed that digital technology is strongly influencing how NCA is conducted. They raise questions about if and how NCA approaches work with diverse values and helps plan for the future in the face of complexity. <https://www.sciencedirect.com/science/article/pii/S0921800922001720>



For more information contact Kerry.waylen@hutton.ac.uk or visit the project website <https://www.hutton.ac.uk/research/projects/galvanising-change-natural-capital>.

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