

Galvanising Change via Natural Capital

Newsletter

March 2024

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Welcome

This is the fourth newsletter for the Galvanising Change via Natural Capital project. We are now finishing our second year. In this newsletter we offer an early peek at our survey of policy makers within the Scottish Government; we also introduce you to insights from a sibling project (also funded by the Scottish Government’s Strategic Research Programme) exploring the understanding of nature-economy relationships.

Every newsletter introduces someone on the team, and this time we introduce you to Dr Esther Carmen, who also writes a short commentary on nature-based solutions and connection with natural capital. There is also a snippet on some of work done by Mark Reed and colleagues in SRUC, on private investments in natural capital. Finally there is a short selection of reports and happenings in the world that might be of interest!

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 contact Kerry Waylen: Kerry.Waylen@hutton.ac.uk

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

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Meet a team member

Esther Carmen

Esther is an interdisciplinary qualitative environmental social scientist interested developing our understanding of the actual and potential role of the private sector for restoring degraded ecosystems at scale for shaping more sustainable collective futures. This includes research relating to different economic sectors – including the Scotch Whisky sector and the European Hydropower sector.

Esther's current work in this and other projects examines if nature-based solutions (NbS) and natural capital approaches could be useful to enhance the role of the private sector. (Esther's other article in this issue explains more about what NbS means).

Such approaches have been gaining traction within science and policy communities for their broad framing of action to restore ecosystems, that draws explicit attention to the interrelationships between economy, society and the natural environment. For private sector actors this involves drawing attention to the connections between ecosystems functions and core business activities, and then the challenges or benefits that could arise for businesses by working with nature.

Focusing on the private sector within socio-environmental change processes builds on Esther's previous research relating to the role of other system actors, such as community, policy and scientific actors for shaping socio-environmental change across settings. Her PhD examined the role of social relationships and different relationship-based strategies for progressing community sustainability initiatives, building community resilience and for strengthening synergies across policy domains. Esther's research is therefore strongly underpinned by a complex systems perspective and relational understanding of environmental governance.

If you want to know more about Esther's areas of expertise and research activities, or to get in contact, visit [Esther's Hutton staff webpage](#).



How familiar are policymakers with Natural Capital?

Ishaan Patil and Kerry Waylen

Natural Capital has been endorsed by both the Scottish and UK government policy. However, it isn't clear if and how it is understood or used by those involved in policy development. To understand how these Natural capital concepts are understood and operationalised in policymaking in the Scottish Government, we asked civil servants to take part in a survey. About 50 people took part, working across a range of policy areas. The project team is currently analysing their responses; but we share here a preview of answers on one question.

We asked Scottish Government policymakers to rate their familiarity and expertise with 'Natural Capital', on a scale from 'completely disagree' to 'completely agree'. Most but not all respondents felt a degree of familiarity with the concept. However, not quite so many felt that they were experts: only a small fraction (~2%) completely agreed that they were experts in Natural capital but ~22% said they somewhat agreed with the statement. As compared to this, a much larger percentage disagreed that they were experts.

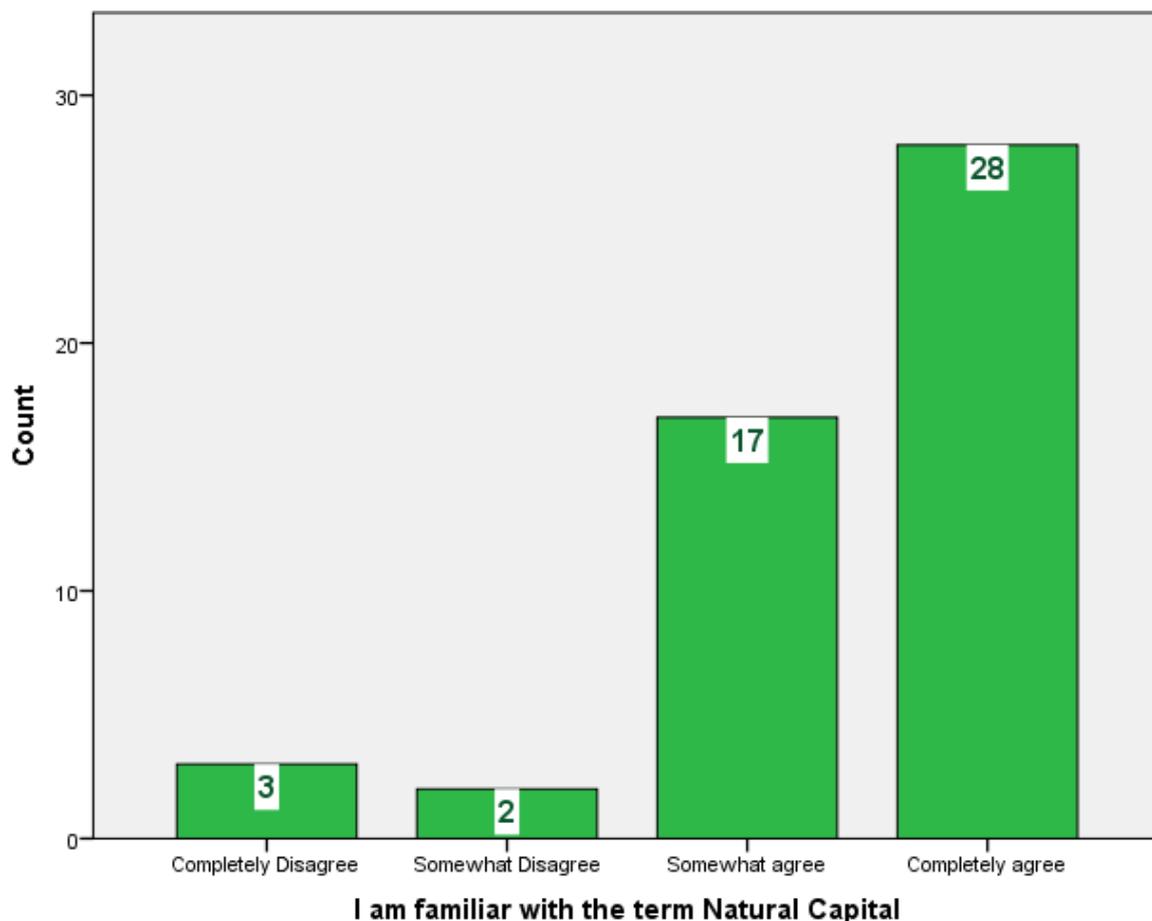


Figure 1: Familiarity of policymakers with Natural Capital concepts

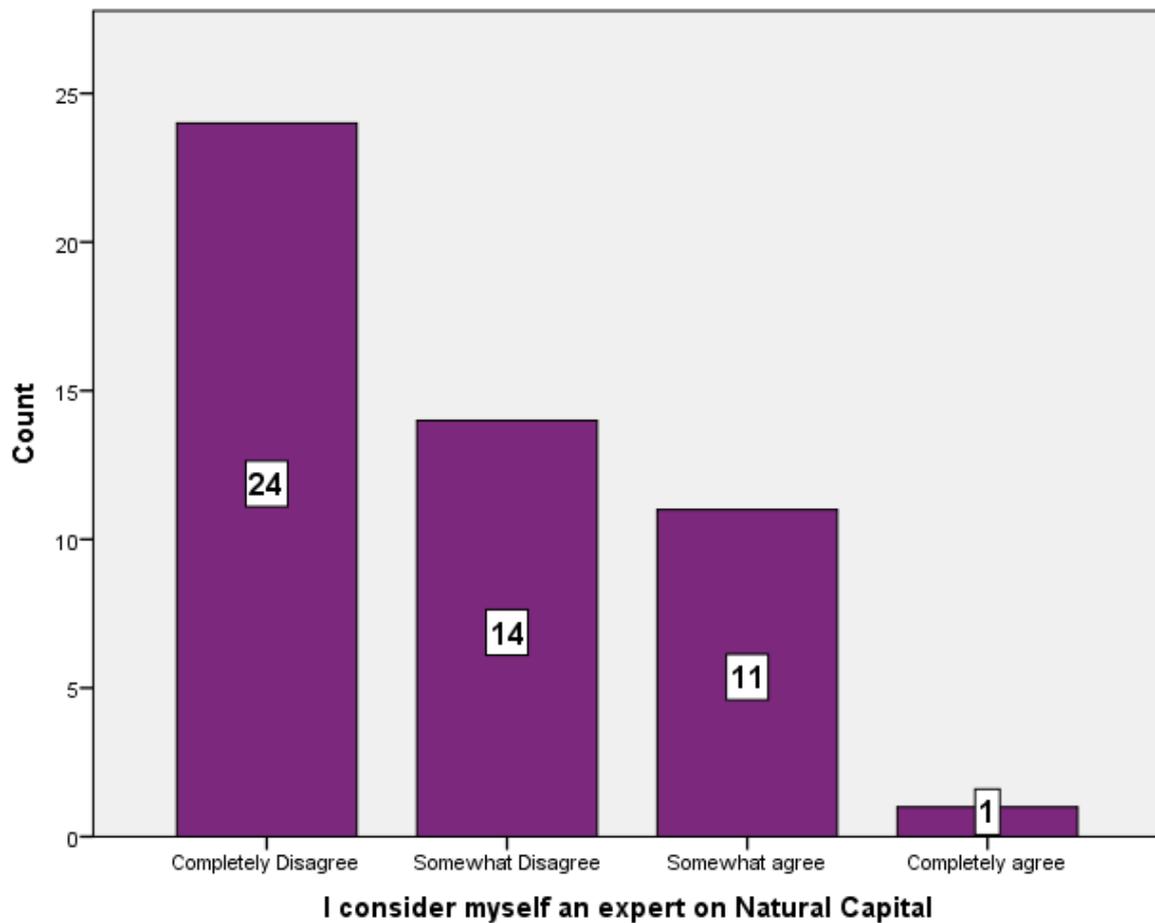


Figure 2: Expertise of policymakers with Natural Capital concepts

It is quite reasonable that policy makers may not be complete experts in Natural Capital, especially if it is not the focus of their department. However, natural capital is a very important subject in its own right, reflected by its prominence in Scotland's [Natural Performance Index](#). It is also seen as linked with the government's work for a well-being economy in Scotland. Additionally, in other answers in the survey, many respondents indicated they felt more tools or other changes might be needed to help embed sustainability considerations into policy development. Therefore, in future it might be important to build more familiarity with natural capital and find more ways in which it can be operationalised in policy making.

Enhancing the integrity of private investment in natural capital

Mark Reed

The scale of the climate and nature crisis means we need action at unprecedented scale and speed. But should we wait for Governments to act, or can we stimulate action by working with companies who want to be part of the solution? Research conducted by the project team at SRUC (Scotland's Rural College) in this project is looking at how Scottish Government can stimulate responsible investment in climate action and nature recovery, using public funding as efficiently as possible to de-risk and leverage private investment, whilst ensuring benefits for local communities.

This work is timely since there is growing criticism of carbon markets that do not deliver as claimed, and that enable polluters to greenwash their corporate image. As a result, we are providing evidence to support the development of policy frameworks in Scotland and across the UK that can help regulate these emerging markets. For example, we are working to establish 'market governance requirements' that can help give confidence to all parties involved in new ecosystem markets. The research is also informing the British Standards Institute's (BSI) Nature Investment Standards Programme, with Prof Reed appointed to the advisory group for their Principles Standard and as a lead author of their Carbon Standard. It is anticipated that the majority of natural capital markets in the UK will seek BSI accreditation, providing both buyers and sellers with clear information on the integrity of these markets.

Prof Reed presented the latest RESAS research from this project to the [Cross-Party Group on Rural Policy](#) in Scottish Parliament in a session about Carbon Credits, Carbon Trading and Natural Capital Markets. His talk, "Natural capital markets – an opportunity or a threat?" followed on from an online debate hosted by SEDA Land on "[carbon finance – getting the balance right](#)" and a Financial Times online roundtable which was recorded for their Moral Money forum and led to a report on "[why nature's future underpins the future of business](#)".



The interconnections between Nature-based Solutions and Natural Capital, and why they matter for research and practice.

Esther Carmen

In my research I draw both the concepts of Nature-based Solutions and Natural Capital. The idea of the Nature-based Solutions (NbS) concept refers to activities whereby actors manage nature to secure a sustainable supply of benefits and services - whilst also protecting and ideally enhancing biodiversity. The concept of Natural Capital (NC) refers to the natural environment that underpins the flow of services and goods to people (ecosystem services) that are important for the economy and human wellbeing. NC and NbS are therefore inherently connected as they both aim to reframe thinking about nature to explicitly recognise it as underpinning human activity. Together these concepts aim to provide stronger signals for conserving and restoring nature to different groups of social actors, such as those in the private sector who have not traditionally been involved in these activities.

There are differences however. NbS is explicitly about action. It is often associated with projects and programmes. By contrast, NC entails describing and representing the values of nature, and the wider context within which everyday activities are pursued. It is often associated with accounts and statistics. Another key difference is that NbS – at least if following global standards such the [IUCN global standard endorsed by the UN](#) - draw attention to social issues that can shape and are shaped by new activities. For example, there is explicit attention and guidance on how to engage actors from different sectors, and to consider justice and equity. In principle, natural capital data can highlight distribution and representation issues, but it isn't always obvious.

The hope is that these two concepts – used together – can help shift collective thinking to prioritise actions that reflect and promote positive interconnections between societies and the natural environment. There are however lots of underlying assumptions about how NC and NbS interconnect in theory and in practice, for example understandings of current NC will lead to NbS action and outcomes that in turn sustain and improve NC in the future. Yet, there is not a lot of experience so far of using these concepts together. I think it is therefore important to see more efforts to apply both these concepts in solution-orientated research (i.e. that seeks to also understand how alternative ways of thinking and acting can be supported) – and appraise these efforts – in order to test assumptions about how to improve nature's management and inform strategic action.

It would be great to see more focus on when and how these concepts can help develop or influence understandings of NC and NbS. For example, what factors influence if and how a focus on NC by business activities can support the uptake of an NbS approach? Does it vary across economic sectors? Does it foster more joined up work to enhance the future natural environment for human benefit? I hope to provide insights through this and other projects which can contribute to collective understandings about how more positive socio-ecological outcomes could be achieved within and across different settings.



Do we all understand nature-economy relationships in the same way?

Seb O'Connor



Understandings of both 'Nature' and 'Economy' and their relationship has never been more scrutinised, with a plurality of understandings now well-versed in environmental policy discourse. Underpinned by a diversity of worldviews, knowledges and value systems, the role of the economy and its relationship to nature can be ambiguous or elusive. For example, in a key text such as the Dasgupta Review both the language and framings can vary in the implied values and framings.

Such ambiguity could lead to different policies seeking different goals for a system change. This in turn can undermine the potential for transitions to a more sustainable economy. We have recently looked into this as part of a broader '[People and Nature](#)' project, a sibling project funded by the Strategic Research Programme and led by Katherine Irvine at the James Hutton Institute. We carried out a 'Q study' amongst a range of civil sector workers across Scottish government bodies and institutions in order to understand their diversity of views on the nature-economy relationship in Scotland.

Our findings indicated three discourses that variously framed understandings of the economy and its relationship to nature; 1) *economy as steward*, 2) *economy as planetary care* and 3) *economy as efficiency maximiser*. Each of the discourses reflected varying worldviews and ethical orientations ranging from more managerial and controlling relationships over nature to more reciprocal, justice-oriented relationships with nature. These underlying approaches in turn indicated towards different motivations for using conceptual tools and frameworks, e.g. Natural Capital, in environmental policy. This research is complementary to the work done by Kerry Waylen and Ishaan Patil on understanding how policymakers understand natural capital concepts and its various uses (see earlier item in this newsletter).

The key findings of this research are planned to be released through a research brief via SRUC's Rural Policy Centre in June, 2024. The findings of this study will later feed into a series of deliberative processes that will facilitate shared visioning around alternative framings of nature-economy relationships and exploring what these different framings would mean in practice. To find out more, do get in contact with me at Seb.O'Connor@sruc.ac.uk

Events and resources

Here are a few outputs and events that we find interesting and might also interest you!

- Continuing on the theme of better understanding – or recommending – how natural capital relates to policy and policy-makers – recently [King et al. 2024](#) examined the use of SEEA accounts ([System of Environmental-Economic Accounting](#)) for forestry policy. There were some uses, but they highlighted the need to start from policy processes and needs for evidence, to avoid accounting mainly being just “*an exercise in best organising available data*”. Similarly, this paper by [Primmer and Furman 2024](#) reviews use of ecosystem service science, and they argue that knowledge of ecosystem services is often still rather ‘distant’ from the governance of Ecosystem services – although in the last decade there are promising shifts to focus more on how to ‘integrate’ knowledge in governance, rather than ‘just’ valuing ecosystem services.
- Turning to the private sector, there are promising signs that some of the ‘big players’ are starting to take sustainability seriously. Biodiversity loss and ecosystem collapse was noted as 1 of top 3 risks for the next decade, by the ‘[global risks report](#)’ discussed at the Davos World Economic Forum. Maybe ‘risk’ is a key word that we need to use as much as ‘capital, stocks and flows’ to grab the attention of those not already thinking about nature.
- Late in 2023 Colleagues at the James Hutton Institute authored a report published by the Scottish Government on ‘[The Social and Economic Impacts of Green Land Investment in Rural Scotland](#)’. This report is based on an impressive amount of engagement with land managers and communities across Scotland. It gives great insight into peoples’ expectations and experiences – both positive and negative - about how new transactions linked to ecosystem markets may play out across Scotland. Concerns about fairness and unintended consequences highlight priorities for those shaping market governance frameworks.
<https://www.gov.scot/publications/social-economic-impacts-green-land-investment-rural-scotland/>
- In November last year, the UK’s Natural Capital Initiative held an event on developing a Marine Natural Capital Code. Our project doesn’t extend to work in the marine realm but it is interesting to consider the shared challenge – and differences – entailed by working in marine systems. Visit <https://www.naturalcapitalinitiative.org.uk/events/> to catch up on this and find out about other past and planned events.
- The Scottish Forum for Natural Capital (SFNC) recently celebrated its 10th Anniversary. SFNC has become a key place to keep up with contacts and initiatives across sectors for anything related to natural capital. A short animated video marking the occasion is at <https://naturalcapitalscotland.com/resource/visions-for-scotlands-natural-capital-animated-video/>.



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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