

Policy briefing
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The Eden Model:

combining public and private
funding for sustainable land
management

3keel



**National
Trust**

The Eden Model: combining public and private funding for sustainable land management

Policy briefing

by James Elliott

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Green Alliance

11 Belgrave Road, London, SW1V 1RB
020 7233 7433
ga@green-alliance.org.uk
www.green-alliance.org.uk

blog: greenallianceblog.org.uk
twitter: @GreenAllianceUK

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Introduction

The Eden Model demonstration project aims to develop a working system for private sector investment in sustainable land management. The model provides an example of what can be done at catchment scale and be replicated elsewhere.

The project is a collaboration between a group of organisations with interests and experience in different aspects of sustainable land management. The core partners are United Utilities, National Trust, Nestlé, the sustainability consultancy 3Keel, the environmental trading platform EnTrade and environmental think tank Green Alliance.

The Eden Model builds on previous work by the partners, including the Landscape Enterprise Networks (LENs) approach developed by 3Keel, the Natural Infrastructure Scheme (NIS) concept created by National Trust and Green Alliance, and EnTrade's experience of facilitating private trades between water companies and farmers.¹ We are combining this experience to test a system that brings together consortia of buyers and sellers to jointly develop opportunities for private sector investment in sustainable land management.

Part of the project is an Environmental Land Management (ELM) test exploring how public and private funding can be combined to maximise impact. The aspiration is to design an 'interface' between new public funding schemes and the Eden private payments model to ensure they can both work effectively alongside each other.

One of the biggest barriers to private financial investment in sustainable land management is lack of a reliable revenue stream that can deliver a return on investment.² In the Eden Model project we seek to address this barrier by creating a mechanism for private organisations which can benefit from more sustainable land management to pay farmers and land managers to deliver it, thus providing the missing revenue stream. As the scale and ambition of schemes increases there will be an increasing need to develop financial products to enable them to be implemented, and the Department for Environment, Food and Rural Affairs (Defra) is already working on this.³ Our focus in this briefing is primarily on linking payments from multiple beneficiaries (the revenue streams), rather than on financing, in the sense of lending, to enable a large scheme to be implemented.

We outline our learnings from the development of the NIS, LENs and the Eden Model which will be useful in the development of the new ELM, drawing on previous research and stakeholder engagement. We incorporate the main messages from a workshop with representatives of Defra and the Eden Model partners exploring different scenarios for linking ELM and private payments. Our work developing the Eden

Model is ongoing and we will report further learnings and developments in the future.

This briefing covers:

- Advantages of integrating public and private payments for sustainable land management.
- How public and private payments could be integrated, and the challenges to be addressed.
- Lessons from NIS, LENs and the Eden Model for the development of the new ELMS.

We recommend that Defra:

- Tests the integration of ELM scheme funding with private schemes from the outset, to send a strong signal to farmers and businesses. This should be done via the national pilot of the ELM scheme.
- Explores the potential for tier 1 and 2 funding to be channelled through the Eden Model alongside private funding.
- Amends the proposals for tier 3 so that it focuses on landscape scale change, such as peat restoration or river meandering, rather than simply land use change.
- Makes payments that are results or outcomes based, through each tier of ELM, to shift how farmers interact with environmental schemes.
- Introduces formal accreditation for independent brokers, to facilitate the introduction of the ELM scheme and the emergence of a wider private market for environmental land management

Advantages of integrating public and private funding

There are several possible benefits of integrating ELM public payments with private sector led frameworks for investing in landscapes and ecosystem services. The main ones are summarised below.

Better value for public money and magnified impact

The new ELM scheme will be based on the principle of ‘public money for public goods’.⁴ The measures that farmers may take on their land to deliver public goods may also produce benefits for private companies or create a platform on which these can be realised. Likewise, in nascent private payments schemes, interventions may produce public goods co-benefits, in addition to the primary private benefit.

Enabling and encouraging private investment for private benefit can magnify the impact of public funding, by freeing up more public money for additional activity or even other public goods schemes. For example, some of the soil management measures proposed for tier 1 of ELM could reduce flood risk and improve water quality and availability, by increasing penetration and reducing run-off.⁵ Our work on the NIS suggested that these are benefits for which there could be a private market: a ‘market in avoided costs’.⁶ If this can be realised, then more public funding will be available for more and better projects through tiers 2 and 3 of ELM, or for additional activity to that ordinarily achieved through the initial ELM agreement alone. An important observation made at our workshop in relation to this was that, if public funds are used to pay for services for which there would be a private market, the private funding that would have been used to pay for these services will not simply be deployed on other sustainable land management projects. If private sector demand is already met through public funding, their money will disappear and the total funding available will be lower.

Linking different funding sources can also increase the environmental value of the interventions chosen, especially if multiple benefits are considered. At the workshop, we heard how, for a water company investing unilaterally to offset phosphate pollution, the most cost effective measure may simply be to pay for improved slurry storage. But this has limited wider environmental value compared to other interventions, such as better soil management and the creation of riparian strips. Therefore, if the water company’s investment is linked together from the start with funding from other businesses and from ELM, which may be targeting outcomes such as soil health, biodiversity and carbon sequestration, then more environmentally beneficial interventions become viable.

Green Alliance and the National Trust have explored this idea in the report *New routes to decarbonise land use with Natural Infrastructure Schemes*.⁷ This showed that, by combining funding for flood risk reduction with

funding for carbon sequestration, a biodiversity rich riparian woodland could be an attractive option. In contrast, if these interests are funded separately, less environmentally beneficial attenuation ponds and fast growing non-native woodland would be more cost effective choices.

Finally, by aligning and integrating public investment with patterns of funding established and influenced by regional business needs, there is an opportunity to ensure that natural infrastructure investment plays a role in supporting regional economic development whilst delivering against local, regional or national environmental priorities. This may be a useful manifestation of ‘joined-up government’, linking Local Enterprise Partnerships and Local Industrial Strategies, and the national priorities of the Department for Business, Energy and Industrial Strategy (BEIS). Moving to a system where environmental spending is enhancing local natural infrastructure in line with local needs will boost economies and increase tax receipts. In the same way that the government sees a return for hard infrastructure investment, they should also see one for natural infrastructure investment if this is clearly aligned with local needs.

Avoiding conflicts

If ELM and private schemes are separate, there are several possible undesirable outcomes.

First, different schemes could be in direct conflict. For example, if separate schemes are working in the same landscape they may fund incongruous or conflicting measures which reduce the effectiveness of each. Conversely, different schemes may fund the same thing in a landscape, either leading to double funding, or to inefficient funding allocation, with over delivery of a particular outcome.

Second, competition between schemes could lead to one stifling the other. This could happen due to farmers choosing between competing schemes, or due to ELM crowding out private investment. At our workshop we heard anecdotal evidence that farmers are already deferring involvement in private funding schemes available now, because they are unsure how this may impact on their ability to take part in the future ELM scheme. This could lead to years of inactivity and missed opportunities for action to reverse the nature and climate emergency. This is a good example of how disjointed working can lead to suboptimal outcomes.

The default situation, at least in the first years of ELM, is that it will not be linked up with private funding schemes which are being developed. The undesirable situation outlined above can be avoided by linking up schemes early or by at least creating the necessary scheme architecture for it to happen as soon as possible further down the line.

Simplicity and attractiveness

Farmers face an uncertain future, with disruption caused by Brexit, and the replacement of CAP with the new ELM scheme. Under the ELM proposals they will have three ‘tiers’ of public payments to navigate.

Alongside separate private payment schemes, this will present a complicated landscape of options for farmers. It will be difficult to assess which schemes to take part in, and whether different schemes are compatible or not. If it is too difficult to take part, some farmers may choose not to, to the detriment of potential environmental improvement.

In contrast, if farmers are able to access multiple sources of funding through a single transaction infrastructure, such as that proposed in the Eden Model, then they can take advantage of funding without the complication of working out how, if at all, schemes fit together. In this case, the work to integrate different funding streams and define needs is done further up the value chain by the beneficiaries (government and private sector interests), so that farmers are able to make a single offer to meet all of the joint needs.

A private led scheme, with public funding feeding in, could also be more attractive and encourage more farmers to take part. Experience of implementing LENSs suggests that many farmers prefer business to business relationships. For example, before Nestlé introduced its milk price premium for farmers who carry out environmental measures, only 11 per cent of its dairy farmers were taking part in a government agri-environment scheme. Now, almost all of these farmers are doing good for the environment through the price premium scheme. Therefore, channelling ELM funding through successful private sector schemes could be an effective way to reach more farmers and boost participation.

Reducing barriers to business investment

A major barrier to business investment in environmental services, like natural flood management, is a lack of knowledge and certainty about how it can reduce the need for, or provide equal benefits to, hard infrastructure. This is a novel concept for many businesses and a risk which is difficult for them to quantify.⁸ Other barriers include high start-up costs, lack of skills and experience, and establishing baselines. Match funding by government will help to overcome these barriers and unlock new sources of business funding. Seeing blended funding at work would be a real incentive for more businesses beyond water companies to get involved and invest in environmentally beneficial land management.

It is important that schemes are felt to be business led, so that businesses are clearly able to define and procure for their needs. Conservationists and government have, in the past, tried to design all encompassing schemes and then retrospectively attract business funding to them without success. Businesses will only invest where they see a clear benefit. There is also a wariness about getting involved with overly bureaucratic schemes.

Futureproofing environmental payments and outcomes

Integrating public and private funds through the Eden Model would involve linking public goods outcomes with real markets, where there

is a material economic need. In this way, environmental payments and outcomes are 'futureproofed' by being linked to a sustainable business model. This is in contrast to the experience of schemes under CAP, where the outcomes last only as long as the grants, without achieving structural change in the system. Creating more structural change in the delivery of sustainable land management is explored further on pages 10-11.

Recommendation

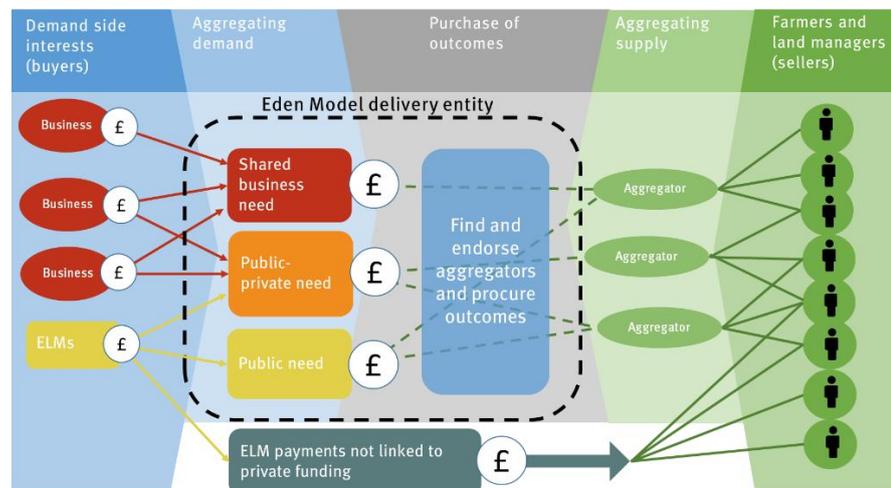
Integrate ELM funding with private schemes from the outset to send a clear signal of intent to farmers and businesses. This should be tested in the national pilot of the ELM scheme.

The interface between private and public payments

In our workshop we discussed three scenarios for how ELM money could be channelled through the mechanism being developed for private payments in the Eden Model project. In this model, groups of beneficiaries jointly invest in landscape assets or ecosystem services in which they have a shared interest.

Groups of farmers, brought together by ‘supply aggregators’ develop service offerings to meet the needs of these beneficiary groups. The transaction is mediated through a delivery organisation, run by a board with representation from both the beneficiary and supply side, as well as other local stakeholders. The model enables a network of overlapping value chains to be built up until there is a complex whole landscape delivery of outcomes. This allows for dynamism as it develops.

Scenarios for integrating public and private funding through the Eden Model



Our scenarios for integrating payments were:

- **Full co-procurement**, where government contributes to Eden Model funding pots alongside businesses (orange block in the image above)
- **Public and private overlapping value chains**, where ELM funding is distributed through the delivery organisation on the same basis as private funding, but has its own separate funding pot or pots, so that public and private funding is not blended (yellow block in the image above)
- **Baseline and top up**, where the ELM scheme is separate from private schemes. In this scenario, private actors may invest where

their needs are not met by public payments, or public payments could be made where public benefits are not being produced by private schemes which are already up and running (grey block in the image above)

It is worth noting that these different options are not mutually exclusive. ELM funding could be channelled through the Eden Model and also given separately at the same time. It was generally agreed that it would be desirable for ELM funding and private funding to be distributed through the same mechanism, sharing governance. Parallel funding vehicles were seen as confusing and it would be more attractive for funding to be delivered through a single vehicle. But the governance will need to fulfil certain criteria to be acceptable from a public funding perspective. And, although the *Environmental Land Management policy discussion* document sees private funding as explicitly playing a role in tier 3, this is not currently the case for tiers 1 and 2.⁹ As mentioned above, many of the outcomes targeted under tiers 1 and 2 also deliver benefit to businesses, therefore it would make sense for integrated public–private funding to be an option in these tiers as well. We return to this point in more detail below.

Clearly, for this to be possible, the ELM legal agreement structure will need to enable integrated public and private funding. Avoiding breaching EU rules on dual and match funding has previously been cited as a specific challenge for linking public agri-environment schemes with private payments for ecosystem services.¹⁰ The new ELM is an opportunity to ensure that enabling the linking of public and private funding is specifically designed into the scheme.

The other main issues that need to be resolved to enable business and ELM to invest side by side were governance, the basis for the payments and risk management.

1. Developing the right governance

In the Eden Model, the ‘delivery organisation’ will provide the governance needed for transactions to take place. Green Alliance and the National Trust have previously proposed a new category of private enterprise dedicated to developing and delivering land management schemes that enhance the environment.¹¹ This would be a logical evolution of the existing Producer Organisation model, adapted for the new era of public money for public goods. These Natural Infrastructure Delivery Companies (NIDCs) would be co-operative style entities with members from both the supply and demand side.

Within the LENs model, similar locally accountable not-for-profit ‘regional LENs entities’ are being developed, with governance structures that include both demand and supply side interests. These are accountable to civil society, and statutory agencies and plans, via representation, structure and accreditation requirements.

In both of these cases, the risk inherent in a complex environmental improvement scheme between farmers and beneficiaries is shared. They give all parties a material interest in the success of the scheme and help to create the conditions for a collaborative, rather than solely transactional, relationship, fostering innovation and flexibility in delivery. We are continuing to develop and test this idea in the Eden Model project. Our workshop flagged a number of functions that these delivery organisations should fulfil, as follows:

- Traceability of benefits

The government needs to be able to justify the reasons for delivery and value for money. Traceability is vital to show exactly what has been paid for. This needs to be built into the Eden Model governance structure. As it is also important to private investors, this should not add a significant extra burden to the model.

Different models were discussed at our workshop, with some disagreement about what would work best. One option is for ELM and private funding to both pay for a single clearly defined primary benefit, such as improved water quality, with the benefits shared between private beneficiaries and the government in proportion to their funding contribution.

A second option would be for different beneficiaries to invest in and claim different primary benefits from the same interventions; for example, a private funder could purchase the flood reduction benefits of riparian woodland, with the government providing additional funding for the biodiversity it provides.

While the latter model has more potential for delivering multiple outcomes, it is likely to be more challenging to trace the benefits and provide evidence about value for money.

- Measuring and verifying benefits

A related question is how to measure and verify these benefits and what units should be used? Pollution can be measured and has clear units, but other outcomes like biodiversity are less easy to quantify and its benefits can take much longer to realise. Furthermore, projects encompassed by the scheme will cover a wide range of difficult to control features such as variations in local geography. This will require careful quantification of benefits to reflect the varying degrees of risk and return in different locations across the country. Reliable metrics will give confidence to demand side businesses who might otherwise be reluctant to take part. The systems of measurement and verification developed for the Eden Model and ELM will need to match closely for public and private funding to be reliably linked.

- Balancing priorities

Governance needs to balance public and private interests, as well as local, regional and national priorities.

- Accountability

It is necessary to create accountability to agreed regional priorities for the landscape and economy, through Local Industrial Strategies and decisions made via an emerging 'system operator' or similar model. The importance of this has been emphasised by demand side businesses who have an interest in diverse landscapes which deliver multiple benefits, and do not want schemes to be dominated by narrow private interests.

2. The basis for payments and risk sharing

It is important to clarify what is being purchased, whether it is measures, outputs or outcomes:

- **Payment for measures**

This would involve land management plans that specify exact actions or measures (eg tree planting, creation of riparian wetlands) and their locations, calculated to deliver a particular level of water attenuation or filtration.

- **Payment for output**

This would be a commitment, for instance, to create and maintain X litres of water storage capacity on land, calculated to be sufficient to mitigate the impacts of specified extreme weather events or to filter out defined levels of pollutants.

- **Payment for outcomes**

This would, for example, guarantee that the river level will not exceed a defined height at a defined point under specified weather events; or that pollutant levels in rivers will not exceed maximum thresholds

The default position is that ELM will initially pay primarily on the basis of actions or measures, but with the ambition to move towards more payments for outputs and outcomes. From the perspective of a demand side business, payment for outcomes is a much more attractive prospect as it shifts the delivery risks onto farmers and land managers, who have the ability to influence it. However, our analysis so far has suggested that delivery purely on the basis of outcomes is currently unrealistic. Most farm businesses do not have the capital to take on the level of risk that an outcomes based flood management scheme, for example, might entail.

Furthermore, most farmers would be unwilling to enter into environmental management agreements on the basis of such a novel approach. However, there is evidence from the National Trust 'payments for outcomes' trial in Yorkshire that farmers find the flexibility and control empowering, so the appetite for this sort of scheme is likely to grow.

In the case of the Eden Model, delivery risk will be managed partly through our governance, which helps to share risk between buyers and sellers. It is also partly achieved by building in redundancy so that if some measures fail, the overall outcomes are still achieved, being clear to buyers that purely outcomes based payments are not yet viable, and possibly in the longer term by new insurance products.

3. Other issues to be resolved

Deciding which ELM tiers are suitable for integration

Currently, it is envisaged that private investment will form part of tier 3 of ELM, which deals with large scale land use change. But, in our workshop it was noted that the measures and outcomes being considered in the Eden Model project are a better match with the proposed objectives and activities in tiers 1 and 2 of ELM. Therefore, it would be beneficial if funding from these tiers could be channelled through the Eden Model.

Indeed, if tier 3 is focused on land use change then it was suggested that this might limit the interest of buyers. If tier 3 was repackaged around landscape scale change, which may include packages of land management measures as well as land use change, it would enable the creation of multifunctional landscapes, that provide more rounded benefits. Of course, elements of land use change can be included, but it can also involve other interventions, such as peat restoration, river meandering, reconnecting floodplains etc.

Potential mismatch of time frames

Governance will need to be capable of managing differences in timescales between public and private payments. There are plans to develop the governance of the Eden Model further, and test it in a 'gaming workshop', including testing how ELM funding from different tiers could be fed in.

Recommendations

Explore the potential for tier 1 and 2 funding to be channelled through the Eden Model alongside private funding.

Amend the proposals for tier 3 so that it focuses on landscape scale change, rather than simply land use change.

Lessons for ELM from the Eden Model so far

1. Payments

Payment by results

Farmers are used to a highly bureaucratised system (huge guidance documents and forms) in which they pick from a pre-determined list of measures with set prices. This can feel like a ‘tick box’ exercise which fails to tap into farmers’ energy or knowledge about their land. It also makes it more difficult for private schemes which need farmers to be more heavily engaged in innovation and delivery.

The National Trust’s ‘payments for outcomes’ trial in Yorkshire has shown that these can be very effective in engaging farmers in improving the environment. With the right level of upfront advice, a payment for outcomes approach can be empowering for a farmer. It gives them flexibility and control in delivering against an objective, adopting interventions that they know will work best for their farm and which suit its natural assets. Indeed, in their core business of food production, farmers are used to testing what works, taking risks and innovating. But it is not how they are used to delivering environmental services which has, until now, been done in a top down, rigid way with farmers ‘told’ what they can and cannot do.

Similar experience with LENSs, in Cumbria, Northamptonshire and Hampshire, suggests that farmers respond well to business-to-business style negotiations and transactions around service specification, delivery and pricing.

ELM should, therefore, go beyond income foregone, plus costs, plus a margin for a set of pre-defined measures. The payment of an additional margin may motivate more farmers to get involved, but it will not engage their knowledge and skills in improving the environment. Instead, the ‘top up’ element of the payments, even in the basic tier 1, should be based on some measure of effectiveness or results delivery, even if this is quite basic at first. This is about changing the mindset, and should start right from the beginning of the transition. As well as increasing the effectiveness of ELM, it would also help to prepare farmers to deliver services for private funders too, determining and working on the basis of what needs to be delivered across a given area or landscape.

Market mechanisms

Two broad market mechanisms have been proposed as the basis of payments for environmental schemes: reverse auctions and negotiated agreements. Negotiated agreements form the basis of the NIS concept, and this is also the mechanism that the Eden Model will develop and test. While reverse auctions have been shown to work well for relatively simple landscape interventions, such as over crops to reduce nitrogen run-off, negotiated agreements have several advantages for more complicated, multifunctional and environmentally beneficial schemes, involving multiple actors:

- **Collaboration between farmers.** For landscape interventions to deliver outcomes such as reduced flood risk, it is necessary to create a coherent scheme across multiple farms. This is also beneficial for many other outcomes such as greater biodiversity, carbon sequestration and improved water quality. It is much easier to achieve this if adjacent farms are collaborating to design complementary interventions. In a reverse auction, individual farms are in direct competition, so such collaboration is not possible.
- **Shared endeavour.** Similarly, a co-operative relationship between beneficiaries and farmers is much more likely to deliver results, especially for interventions happening over long timescales which may require flexibility and adaptation over time. Negotiated agreements enable a closer relationship between beneficiaries and farmers.
- **Power dynamics and sustainable price levels.** In a reverse auction, individual farmers are usually bidding against each other to offer the lowest price for an intervention. In this transaction, all the power lies with the buyers. There is a risk that the bidding process will drive prices down to unsustainable levels, at the cost of effective delivery. In contrast, negotiations between buyers and consortia of farmers are more equal, enabling a price to be reached that is more balanced and fair to farmers. Some proposed reverse auction schemes have struggled to attract interest from farmers for this reason.

It is important to note that negotiated agreements can still be competitive, with multiple supply consortia (groups of farmers and land managers) taking part in a competitive bidding process to provide the desired outcomes. In the Eden Model, we have started to test this process, with service propositions offered by two ‘supply aggregators’ (Eden Rivers Trust and First Milk) on behalf of groups of farmers. In the future, evidence will be available about how end-users have experienced and reacted to this model.

2. Market brokering services

As previously argued by Green Alliance and the National Trust, fast progress in facilitating private investment is likely to rely on the activities of individuals or organisations acting as ‘market makers’, brokering agreements between buyers and sellers.¹² Experience with Catchment Sensitive Farming has demonstrated the value of trusted intermediaries in enabling farmers and water companies to work together on environmental projects.

Brokers can:

- Negotiate or set prices.
- Identify and access funding, both public and private.
- Set the rules to which buyers and sellers must adhere.
- Monitor and determine compliance, and resolve disputes.
- Design land management schemes and market them to potential funders.

There are a number of organisations and initiatives currently fulfilling some of these functions, such as EnTrade and the Rivers Trust.¹³ It would be a legitimate aim of public policy to encourage the emergence of a new class of multidisciplinary agents or service providers with commercial and scientific skills, and fundraising capability, to help bring large scale, cost effective land management schemes that deliver public goods and private benefits to the market.

In the Eden Model we approached First Milk (a producer organisation) and the Eden Rivers Trust as ‘supply aggregators’. These organisations have carried out some market brokering functions, bringing farmers together to make joint service offerings, despite being quite different organisations with different relationships with farmers. Therefore, the attributes of brokers do not need to be prescriptive. The role can be taken on by a variety of individuals and organisations, provided they are able to fulfil one or more of the functions listed. It is also important that ‘aggregators’ avoid formalising existing collaboration between farmers in contracts in a way which could jeopardise the goodwill, relationships and flexibility on which successful collaboration is built.

The government could facilitate the emergence of these brokers by accrediting organisations to discharge certain duties in the new ELM system, such as:

- Designing and marketing subsidy-compliant schemes.
- Applying for public funding for schemes, which could be eligible for fast track approval.

- Monitoring and verifying farmer compliance with funding requirements.

Accreditation should be available to charities, non-profit and for-profit, companies. Brokers may choose to operate online platforms but this should not be a requirement. Practitioner experience also shows that environmental schemes are far more effective when brokers are known and trusted, and when schemes are co-designed with local communities to serve local priorities. It is, therefore, highly desirable that there are a large number and wide diversity of brokers embedded in localities.

Recommendations

Make payments results or outcomes based through each tier of ELM, to shift how farmers interact with environmental schemes.

Introduce formal accreditation for independent brokers to facilitate the introduction of the ELM and the emergence of a wider private market for environmental land management.

Summary and recommendations

Test the integration of ELM funding with private schemes from the outset

There are many benefits to integrating public and private funding, including better value for money, increased environmental impact, avoiding conflicts between schemes, simplicity for farmers, increasing private investment and securing environmental outcomes for the long term. However, delays to testing and implementing integrated approaches puts at risk some or all of these benefits, as public and private schemes will develop separately and be much harder to integrate in future. Early testing of integrated funding would send a strong signal to farmers and businesses. This should be tested as soon as possible in the national pilot of the ELM scheme.

Ensure funding for all three ELM tiers can be integrated with private funding

Currently, integrating private funding is only suggested for tier 3 of the new ELM scheme. However, this tier is currently focused on large scale land use change, which may be of less relevance to many potential demand side businesses who have interests in multifunctional landscapes. Furthermore, many of the objectives and activities in tiers 1 and 2 are a better match with the outcomes we are envisaging being delivered through the Eden Model. Defra should reconsider the potential for tier 1 and 2 funding to be channelled through the Eden Model alongside private funding. They should also amend the proposals for tier 3 so that it focuses on landscape scale change rather than simply land use change.

Include a 'results' or outcomes based element to all ELM payments

Previous agri-environment schemes which have made payments based on income foregone, plus costs incurred, have failed to realise structural change in the way farmers and land managers engage with protecting and improving the natural environment. But the National Trust 'payments for outcomes' trial in Yorkshire has shown that, with the right advice and relationship building, payments for outcomes approaches are empowering for farmers, giving them flexibility and control in delivering against an objective by adopting interventions that they know will work best for their farm and which will suit their natural assets.

This approach is also likely to be key in the success of private payments for sustainable land management based on avoided cost models. The new ELM is a perfect opportunity to start to familiarise farmers with this form of delivery, but continuing with an income foregone plus

cost model of payments with no outcomes based element will delay this important transition. Formal accreditation for independent brokers to facilitate the introduction of the ELM and the emergence of a wider private market for environmental land management would also help facilitate the transition.

Endnotes

¹ 3keel, 'Landscape innovation', www.3keel.com/landscape-innovation/; Green Alliance, 'Natural Infrastructure Schemes', www.green-alliance.org.uk/natural_markets; EnTrade, entrade.co.uk/

² Aldersgate Group, November 2017, *Increasing investment in natural capital*, www.aldersgategroup.org.uk/asset/1017

³ See for example, HM Government, 2018, *A green future: our 25 year plan to improve the environment*; Department for Business, Energy & Industrial Strategy, 2019, 'Guidance: green finance'

⁴ Department for Environment, Food and Rural Affairs (Defra), February 2020, 'Environmental Land Management: policy discussion document'

⁵ Ibid

⁶ A Francis et al, September 2016, *New markets for land and nature: how Natural Infrastructure Schemes could pay for a better environment*, Green Alliance and National Trust, www.green-alliance.org.uk/natural_infrastructure_schemes.php

⁷ J Elliott and A Francis, February 2019, *New routes to decarbonise land use with Natural Infrastructure Schemes*, Green Alliance and National Trust, www.green-alliance.org.uk/new_routes_to_decarbonise_land_use.php

⁸ J Elliott and W Andrews Tipper, November 2018, *Funding nature's recovery: how new public spending can unlock private investment*, Green Alliance and National Trust, www.green-alliance.org.uk/funding_natures_recovery.php

⁹ Defra, February 2020, op cit

¹⁰ Defra, May 2013, *Developing the potential for Payments for Ecosystem Services: an action plan*

¹¹ J Elliott and W Andrews Tipper, November 2018, op cit

¹² Ibid

¹³ For more information see www.entrade.co.uk and www.theriverstrust.org/what-we-do/projects/