

Action to support a Green Recovery

What is a green recovery?

A green recovery is low carbon, resource efficient and socially inclusive¹. It addresses the twin challenges of climate change and biodiversity loss as central components of a more resilient and inclusive economy.

The case for a green recovery

- The First Minister in her response to Covid has said that ‘this changes everything’. The future will not be like the past and there are some ways in which we positively want the future to be radically different. A key part of the re-emergence from Covid will be the path we set ourselves to address the twin challenges of climate change and biodiversity loss.
- Scotland is committed to move to a net zero carbon economy that is fair for all. The Committee on Climate Change have reiterated that building resilience and transitioning to a net-zero economy remain scientific and economic imperatives. Embedding this in recovery from the economic crisis will reduce the impact of transition and will reset the economy to be able to adapt as it recovers. Economic multipliers are high in post-crisis recovery and avoid locking us into a high carbon economy.²
- Scotland’s Natural Capital³ is worth at least £196bn per year, supporting 240,000 jobs⁴. Much of this value is generated by the nature and landscapes that underpin our economic competitive advantage with growth sectors including tourism, renewable energy and food and drink heavily dependent on a high-quality natural environment. In addition, our paths, greenspaces and biodiversity are essential elements of the vibrant, healthy, safe and sustainable places we want to live and work in.
- Investing in natural capital and nature-based solutions can drive inclusive economic development. As nature-based solutions deliver multiple benefits, they can help to fix many societal problems⁵, and can be the most cost-effective way of generating economic activity that will make our communities sustainable and more resilient.
- The World Economic Forum identifies biodiversity loss and ecosystem collapse as one of the top five risks in the next 10 years⁶. It acknowledges the critical implications for humanity that biodiversity loss poses, in particular for food and health and wider supply chains. Investing in a green recovery will help us mitigate the significant economic and societal shocks in the future, and will contribute to a more resilient economy and society.
- Several EU countries are encouraging a response to the pandemic that steers away from short-term solutions to avoid the risks of locking us into a fossil fuel economy for decades to come. The disruptive effect of the Covid pandemic may create opportunities to accelerate climate action in new way not least because of the common experience of

¹ UNEP – United Nations Environment Programme

² Hepburn et al, 2020 [Will Covid-19 fiscal packages accelerate or retard progress on climate change?](#)

³ <https://www.ons.gov.uk/economy/environmentalaccounts/articles/scottishnaturalcapitalaccounts/2020>

⁴ [Valuing our Environment – the economic impact of Scotland’s natural environment, SNH, 2008](#)

⁵ They can be applied to physical and mental health, flood management, urban environmental quality e.g. air quality and cooling, absorbing and storing greenhouse gases, and managing pests, diseases and pathogens

⁶ [World Economic Forum – Global Risks Report 2020](#)

the lockdown: cleaner air, home working, greater appreciation of nature and reduced business travel.

- Scotland was the first nation to declare a climate emergency in 2019 – since then others have followed. It has an opportunity to extend that global leadership ambition by being the first to explicitly pursue a Green Recovery. We can use this significant moment of change as an opportunity for achieving the paradigm shift to a net zero economy that the climate emergency demands.

Ten opportunities for Green Recovery

1. **Grow and diversify green finance** – The financing need for nature based solutions to the climate emergency and other societal problems is very large, estimated to be in the trillions of dollars⁷. There is a huge amount of innovation worldwide to bring new sources of investment into natural capital and nature-based solutions. Scotland can help accelerate and support these innovative approaches to create new opportunities for private and corporate investment in nature that will help to address the net zero target.
2. **Investing in nature based solutions** - Investment in nature-based solutions can deliver carbon reductions at a fraction of the cost of engineered solutions, at the same time as enhancing natural assets and delivering a range of ecosystem services⁸. An improved environment can stimulate further investment and increase workforce resilience. Specific opportunities for investing in nature based solutions include:
 - **Peatland restoration** – investments in peatland provide multiple benefits, securing and enhancing critical ecosystem services including carbon storage, water retention and water quality, and supporting biodiversity and wildlife.
 - **Natural flood risk management** provides a key means of building our resilience to climate change. For example, tree planting and riparian management improve water retention and quality, reduce flood risk, improve biodiversity, capture carbon and create attractive environments
 - **Natural coastal defences** are a cost effective way of protecting coastal assets under threat from climate change induced sea level rise, currently protecting assets worth £13 billion.
3. **Transforming land use and future rural support** - the Committee for Climate Change highlights the need for transformative land use change if Scotland and the UK is to meet its climate change targets. The current CAP (Common Agriculture Policy) is worth around £500m per year. Refocusing this with a stronger emphasis on investing in natural capital to address the twin challenges of biodiversity and climate change will make land based businesses more resilient to economic and environmental challenges.
4. **Urban Green Infrastructure** targeted at improving disadvantaged areas makes our towns and cities more attractive for people to live and work in, and attracts jobs, businesses and investment. The current ERDF investment in Green Infrastructure of £37m was oversubscribed and there are many opportunities to do more. This would help contribute to inclusive growth and the principles of a Just Transition. Studies show that every £1 invested in GI can generate around £20 of benefits and savings.
5. **Nature based tourism** makes up about 40% of all tourism in Scotland, contributing £1.4bn to the Scottish economy, supporting approximately 40,000 jobs. Tourism is one of the key sectors that has been heavily impacted by Covid 19. Experience from the

⁷ [Royal Society – Greenhouse Gas Removal, 2018](#)

⁸ [Natural Capital Committee – Advice on using nature based interventions](#), 2020

Natural & Cultural Heritage Fund (ERDF £5m) shows that there is significant demand for investing in visitor infrastructure to help remote and rural areas recover from Covid, particularly if there is renewed interest in staycations.

6. **Sustainable marine management and incentives** – the replacement mechanism for the Common Fisheries Policy needs to be refocused on resilience and recovery in the marine environment, and on assisting coastal and marine businesses to grow sustainably. The new Scottish Marine Environmental Enhancement Fund will provide a mechanism for sectors that use the marine environment to contribute to practical conservation and restoration projects to help strengthen the resilience of the marine and coastal environment.
7. **Active travel networks** enable low or zero carbon transport, and provide opportunities for people to improve and maintain their physical and mental health. The National Walking & Cycling Network generates £85m of expenditure from its 6000 kilometres of paths, trails and canal towpaths and provides additional health benefits such as reducing the risk of a range of illnesses including depression.
8. **Invest in skills, especially in youth employment** – young people, particularly school leavers and those leaving College or University, will be particularly impacted by Covid. Developing an Environmental Employment & Skills Programme would provide employment opportunities for graduates and school leavers, helping to contribute to a more resilient workforce and the development of skills for the future.
9. **Building community and volunteering capacity** – COVID-19 has demonstrated the appetite for and importance of volunteering and community engagement. Targeted investment to support a fair transition will be an important element of the green recovery.
10. **Mainstreaming natural capital accounting** – Many economic benefits are not captured by standard GDP metrics with Scotland's National Natural Capital Accounts suggesting that over a third of £196 billion value was not captured by GDP. This emphasises the importance of mainstreaming natural capital accounting across a wide range of public expenditure in order to capture the full contribution to prosperity and wellbeing that nature can offer.

Timescale for responding

Most of these proposed actions need to happen over the next year and beyond as part of our **recovery** from the current Covid crisis. Urgent steps that could help **reset** the economy as we come out of Covid include the tactical use of public funding to stimulate employment and economic activity including:

- Investing in and opening up the Peatland Action Fund as soon as possible
- Use of Agriculture Transformation Fund to address climate change and biodiversity
- Extension and/or additional round of ERDF Natural & Cultural Heritage Fund (NCHF) to stimulate and support rural tourism in highlands and islands
- Piloting new approaches to future rural support including natural capital and outcomes based approaches
- Supporting ecological restoration where spending is fast-acting because worker training requirements are low, many projects have minimal planning and procurement requirements, and most facets of the work meet social distancing norms.
- Acceleration and expanded provision of active travel networks
- Develop and open new environmental training opportunities, especially for young people.

SNH's contribution to a green recovery

SNH has expertise in a number of areas that can help lead key aspects of a green recovery and ensure it has the greatest impact. We are a strong player in helping shape the rural economy, we have a wide presence across Scotland and our ability to engage in regional economic partnerships makes us well positioned to contribute.

Our contribution covers a number of key areas including:

- **Leadership** – Providing the vision to deliver for a nature rich future
- **Evidence** –Quantifying and illustrating the benefits of investment e.g. natural capital index
- **Expertise** – the means and skills to help e.g.natural capital accounting, better regulation
- **Delivery of funding** - as a partner with RPID to deliver AECS (c£40m pa), ERDF Green Infrastructure (£37m); ERDF NCHF (£5m); Peatland Action (£20m pa)
- **Delivery of projects** – supporting skills development and community engagement

SNH
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1. This paper develops some more detailed areas of work that could support a Green Recovery, building on a previous paper (SNH – Actions to support a Green Recovery – post Covid).

	Green Recovery Priorities	Actions	Organisations Involved and roles	Contribution to Four Capitals (Natural, Human, Physical, Social) ⁹
1.	Grow and diversify green finance – The financing need for nature based solutions to the climate emergency and other societal problems is very large, estimated to be in the trillions of dollars ¹⁰ . There is a huge amount of innovation worldwide to bring new sources of investment into natural capital and nature-based solutions. Scotland can help accelerate and support these innovative approaches to create new opportunities for private and corporate investment in nature that will help to address the net zero target. Evaluating the impact of these interventions (including avoided costs and social benefits) will help to build the case to unlock private investment.	<p>Resource and accelerate work to develop policies and projects that drive private investment in natural assets and could be piloted, rolled out or scaled up in Scotland - delivering the Rural Economy Budget 20-21 commitment to ‘develop a new national carbon investment programme to attract additional and further external sources of investment in our natural assets which contribute to carbon capture and reduced emissions’. Specific opportunities included below. These will almost inevitably mostly be small scale at first, although there are larger opportunities in woodland and peatland.</p> <p>It would be sensible to examine the Route Map for the £1bn Challenge (published on 22 May), both to explore whether there are elements that could be ‘turbocharged’ and/or consider whether it could be aligned/merged with the £3bn Green Investment Portfolio. More broadly, faster progress could be achieved by putting more resource into coordinating and developing new approaches to financing investment in nature-based solutions.</p>	<p>Scottish Government (SG) Domestic Climate Change, Land Use, International Trade and Investment, Scottish Development International, SNIB Scottish Natural Heritage (SNH) Forest and Land Scotland (FLS) SEPA</p> <p>N.B This work has yet to be discussed across different partners.</p> <p><i>Role - Influence and Delivery</i></p>	<p>Natural - ✓✓✓ Social - ✓✓✓</p>
2.	Investing in nature based solutions - Investment in nature-based solutions can deliver	Peatland restoration – investments in peatland provide multiple benefits, including	<p>Scottish Government SNH National Parks</p>	<p>Natural - ✓✓✓ Social - ✓</p>

⁹ https://ec.europa.eu/environment/integration/research/newsalert/pdf/109na6_en.pdf

¹⁰ [Royal Society – Greenhouse Gas Removal, 2018](#)

	<p>carbon reductions at a fraction of the cost of engineered solutions, at the same time as enhancing natural assets and delivering a range of ecosystem services¹¹. An improved environment can stimulate further investment and increase workforce resilience.</p>	<p>carbon storage, water retention and water quality, and supporting biodiversity and wildlife.</p> <p>Scaling up the Peatland Action Fund as a key component of the 10 year, £250 million SG budget commitment to peatland restoration. .</p> <p>Match SG investment with increasing levels of private investment given extensive interest for philanthropic and carbon offset purposes.</p> <p>Develop peatland code as a vehicle for investment alongside the woodland code or jointly as part of a new carbon code.</p> <p>Woodland restoration – scaling up tree-planting and woodland restoration.</p>	<p>FLS</p> <p>Scottish Forestry, Forest and Land Scotland</p> <p><i>Role – Delivery</i></p>	<p>Human - ✓✓</p>
		<p>Natural flood risk management provides a key means of building our resilience to climate change. For example, tree planting and riparian management improve water retention and quality, reduce flood risk, improve biodiversity, capture carbon and create attractive environments</p> <p>Develop 3-4 catchment scale proposals</p> <p>Develop a comprehensive SUDS programme in a major conurbation</p> <p>Use these to develop opportunities for private investment e.g. from insurers and vulnerable businesses</p>	<p>SEPA SNH Scottish Water NPA's</p> <p><i>Roles – Influence and Delivery</i></p>	<p>Natural - ✓✓✓ Human - ✓✓</p>
<p>3.</p>	<p>Transforming land use and future rural support - the Committee for Climate Change highlights the need for transformative land use change if Scotland and the UK is to meet its</p>	<p>Maintain existing agri-environment investment in sustainable land management through 2021-24 – maintain current level of delivery of agri-environment work</p>	<p>SG (NRD/ARE/RPID) SNH, NPA's</p>	<p>Natural - ✓✓✓ Social - ✓✓ Human - ✓</p>

¹¹ [Natural Capital Committee – Advice on using nature based interventions](#), 2020

	<p>climate change targets. The current CAP (Common Agriculture Policy) is worth around £500m per year. Refocusing this with a stronger emphasis on investing in natural capital to address the twin challenges of biodiversity and climate change will make land based businesses more resilient to economic and environmental challenges.</p>	<p>to secure land management contribution to green recovery</p> <p>Natural Capital Pilot Programme (including Piloting an Outcomes Based Approach in Scotland) – Significant opportunity to scale up transformative approach to future rural policy, building on existing pilot work.</p> <p>Strengthen existing commitments to low carbon farming – through increasing environmental benefits provided through existing support mechanisms, in particular through Greening, LFASS, AECS and Forestry.</p>	<p>2021 – 2024 CAP Stability & Simplicity Transition period</p>	
			<i>Roles – Influence and Delivery</i>	
4.	<p>Urban Green Infrastructure targeted at improving disadvantaged areas makes our towns and cities more attractive for people to live and work in, and attracts jobs, businesses and investment. It has multiple benefits, and contributes to climate change adaptation and mitigation. This would help contribute to inclusive growth and the principles of a Just Transition. Studies show that every £1 invested in GI can generate around £20 of benefits and savings.</p>	<p>ERDF Green Infrastructure Strategic Intervention. SNH is the lead partner for an innovative ERDF investment in Green Infrastructure of £37m. Demand for the fund was oversubscribed and there are many opportunities to do more.</p> <p>Extend/Renew the GISI with new funding and develop further projects. Potential (at least small scale) for private investment from business beneficiaries</p>	<p>SNH Central Scotland Green Network</p>	<p>Natural - ✓✓ Human - ✓✓✓ Physical - ✓✓</p>
			<i>Role – Influence and Delivery</i>	
5.	<p>Nature based tourism makes up about 40% of all tourism in Scotland, contributing £1.4bn to the Scottish economy, supporting approximately 40,000 jobs. Tourism is one of the key sectors that has been heavily impacted by Covid 19.</p>	<p>ERDF Natural & Cultural Heritage Fund - Experience from the Natural & Cultural Heritage Fund (ERDF £5m) shows that there is significant demand for investing in visitor infrastructure, this would specifically help the tourism sector which has been badly hit by COVID, and is targeted at remote and rural areas.</p> <p>Extend/Renew the NCHF with new funding and develop further projects. Potential (at least small scale) for private investment from business beneficiaries</p>	<p>Scottish Government SNH Enterprise Agencies Visit Scotland</p>	<p>Social - ✓ Physical - ✓✓ Human - ✓</p>
			<i>Role – Influence and Delivery</i>	

