

FIRNS: ROUTE MAP TO GREEN FINANCE MOBILISATION FOR THE CENTRAL SCOTLAND GREEN NETWORK



Central Scotland Green Network

End of Project Review

Stephen Hughes, Green Action Trust

April 2024

Contents

Introduction	3
Summary	3
Outputs	4
Challenges	4
Assessments	5
Benefits	5
Key Learnings	5
Next Steps	6
Funder Acknowledgements	6

Introduction

In 2023, the Scottish Government and NatureScot, working in partnership with the National Lottery Heritage Fund, and with the support of the Green Finance Institute, established a grant scheme to support projects that shape and grow the use of private investment and market-based mechanisms to finance the restoration of Scotland's nature.

Through the Facility for Investment Ready Nature in Scotland (FIRNS), grants are offered to organisations and partnerships to help develop a viable business case and financial model, to attract investment in projects that can restore and improve the natural environment.

This document is a summary of a project that was conceived by the Green Action Trust acting on behalf of the Central Scotland Green Network (CSGN). The CSGN has a strong focus on habitat creation and improving habitat condition and connectivity. This must be delivered whilst contributing to the wellbeing economy and resilient communities.

In Scotland there is an estimated £20 billion finance gap for nature over the next decade. Studies such as the Finance Gap for UK Nature Report have shown that public investment sources alone will be insufficient; therefore, a blended approach of public and private funding will be required.

To understand better what actions could be taken by the CSGN to address gaps in nature funding, this project provides a route map towards encouraging private sector investment in nature-based projects and generating a portfolio of investment ready projects within the CSGN area.

Summary

Working with partners from RSPB and Glasgow & Clyde Valley Green Network, the Green Action Trust led on this project, following a successful tendering process in October/November 2023. We received four submissions from consultants to undertake the work. In the assessment, Aecom scored highest and was appointed to undertake the commission.

The initial project scoping included a desk-based review of the historical and background information on the CSGN, such as the vision, objectives, costing, valuing and resourcing work, projects, partners, funding opportunities and baseline data. The consultant also undertook a review of appropriate natural capital tools and methods available, including the Innovate for Nature CivTech 8 programme and the NatureScot Landscape Scale Natural Capital Tool for Scotland.

The second phase of the commission was the stakeholder engagement element. This consisted of a survey to CSGN partners followed by an invitation to engage in deep dive sessions. These explored the social, economic, and environmental impacts of projects and sought to establish what could make the projects investable.

The third phase of the commission was to create a draft route map, outlining in practical terms how the findings from earlier stages can be taken forward to access new green finance funding streams to help deliver the CSGN.

As elaborated upon below, the tight timescales for the project was challenging and the work was only just completed before the end of the funding deadline. The full value of the outputs produced are, at the time of writing, still being processed.

It is currently the intention of the steering group to have a debrief meeting during April/May 2024 and then plan the next steps - effectively putting the CSGN Green Finance Route Map into action.

Outputs

The project successfully delivered all the work elements as specified in the brief. The format of these outputs was in a 72 page report with two supporting excel spreadsheets: one focussing on the Ecosystem Services Assessment of key CSGN projects, the other reviewing the policy landscape, governance and market operation and CSGN projects- investment readiness. These resources are available upon request and Green Action Trust is exploring options to publish these resources online.

Challenges

The timeframe for this project adversely affected the work undertaken. The window of time to undertake this project was always narrow but the fact that there was an initial delay in the award confirmation meant a later start to the project than we would have liked. To counter this, the steering group made themselves available to help finalise the draft of the brief and subsequently judge the tenders.

Another timing challenge was the festive holidays which occurred just when the consultants wanted to survey and engage with CSGN partners. Green Action Trust worked with the consultants to try and get around this inevitable period of inertia, but it is fair to say that enthusiasm for the partnership to fully engage in the project might have been adversely affected by this holiday break.

Another challenge (that was identified before the start of the commission) was that the partnership might not be aware of, or interested in, the concept of green finance. To counter this, Green Action Trust worked with the consultant to draft introductory and follow-up emails and to encourage CSGN partners to participate in the survey. In total, 65 organisations were contacted in this manner, unfortunately, despite best efforts, only 10 responded to the survey request.

It is considered that this lower than expected response rate did impact the project. It was hoped that a greater in-depth understanding of the projects which deliver the CSGN would lead to a firmer identification as to which projects are most ready to take forward as pilot green finance exemplars. Evidently, this was not the case, however, the consultant worked to extract the maximum amount of quality from those organisations that did engage with the research.

Assessment

The project steering group confirms that the project has met its aims, and the intended outcomes. However, it would be accurate to say the group was underwhelmed by the level of precision and practical detail that the route map provided.

Specifically, the group feels that the project outputs did not produce the kind of 'shovel ready' green finance wins that was hoped for. In response to this observation, the consultant pointed out that the level of engagement of partners was less than was originally envisaged and those that did engage (in the deep dive sessions) did not have examples of projects which immediately lend themselves well to being attractive to potential green finance providers.

There is clearly more work to be done to move and market specific CSGN projects towards green finance providers. It is conceded that this is an emerging field and, in some respects, we need to try out the suggested approaches made by the consultants in the report and, from experience, learn what works and what doesn't.

Benefits

It is recognised that there are additional and unintended benefits from this project. Firstly, gathering a list of contacts for the survey and subsequent deep dive elements of the research was, in itself, a beneficial exercise for Green Action Trust.

Through this process, the CSGN contacts database was updated and, through directly contacting the partners, a number of meetings have been arranged to discuss new projects. Although these may not immediately be relevant to green finance (as most are funded through public sector monies) if they come to fruition, they will help to deliver aspects of the CSGN.

Secondly, the process of engaging in the FIRNS community of practice website was of benefit to Green Action Trust staff. New contacts were made and the CSGN was promoted at the in person launch at the Dynamic Earth Edinburgh, and also online workshops. Again there is potential for this to lead to new projects which will accelerate the delivery of the CSGN.

Key Learnings

In particular, the level of engagement of the partnership in this green finance project is worthy of note. It does appear that, despite multiple messages to the contrary, colleagues working on CSGN relevant green and blue infrastructure projects have low expectations as to what green finance can do for them.

Next Steps

The steering group intend to have meetings during April 2024 and in May 2024. In these, we will review the report findings and suggestions and plan the next steps.

There is a current idea that content from this work will form the cornerstone in a presentation to CSGN partners which will be undertaken later in the year.

In all the next steps we undertake, we will ensure that the role of FIRNS funding and the support of NatureScot and National Lottery Heritage Fund is fully acknowledged.

Funder Acknowledgments



This project is supported by The Facility for Investment Ready Nature in Scotland (FIRNS). Delivered by NatureScot in collaboration with The Scottish Government and in partnership with the National Lottery Heritage Fund.



The Route Map to Green Finance Mobilisation for the Central Scotland Green Network project is made possible with The National Lottery Heritage Fund. Thanks to National Lottery players, we have been able to deliver the project outputs as outlined in this report.



Central Scotland Green Network

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This report was prepared by the Green Action Trust, acting on behalf of the Central Scotland Green Network Partner Group.



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Web: <https://greenactiontrust.org>

LinkedIn: [green-action-trust](https://www.linkedin.com/company/green-action-trust)

X: [@GreenActionT](https://twitter.com/GreenActionT)

Email: contact@greenactiontrust.org

Registered Office: Building 2, Buchanan Business Park, Steps, North Lanarkshire G33 6FB

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