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# Making marine natural capital markets work

Critical questions for developing a high-integrity marine natural capital market in the UK

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# Progress on marine nature finance in the UK

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## PLANS, FUNDS & STRATEGIES

- Scotland's Marine & Coastal Restoration Plan
- Wales' draft Nature Finance Strategy
- Marine Recovery Fund, MARINE Fund Cymru, SMEEF & FIRNS
- Blue Carbon Action Plans (Scotland, NI)

## MARKET STANDARDS

- BSI Nature Investment Standards (Flex 700)
- Defra's Nature Markets Framework
- Scotland's Natural Capital Market Framework
- Wales's Sustainable Investment Principles
- High Integrity Marine Natural Capital Markets Roadmap

## EMERGING MARINE CODES

UK Saltmarsh Code · UK Seagrass Carbon Code · Trialling/adapting international codes

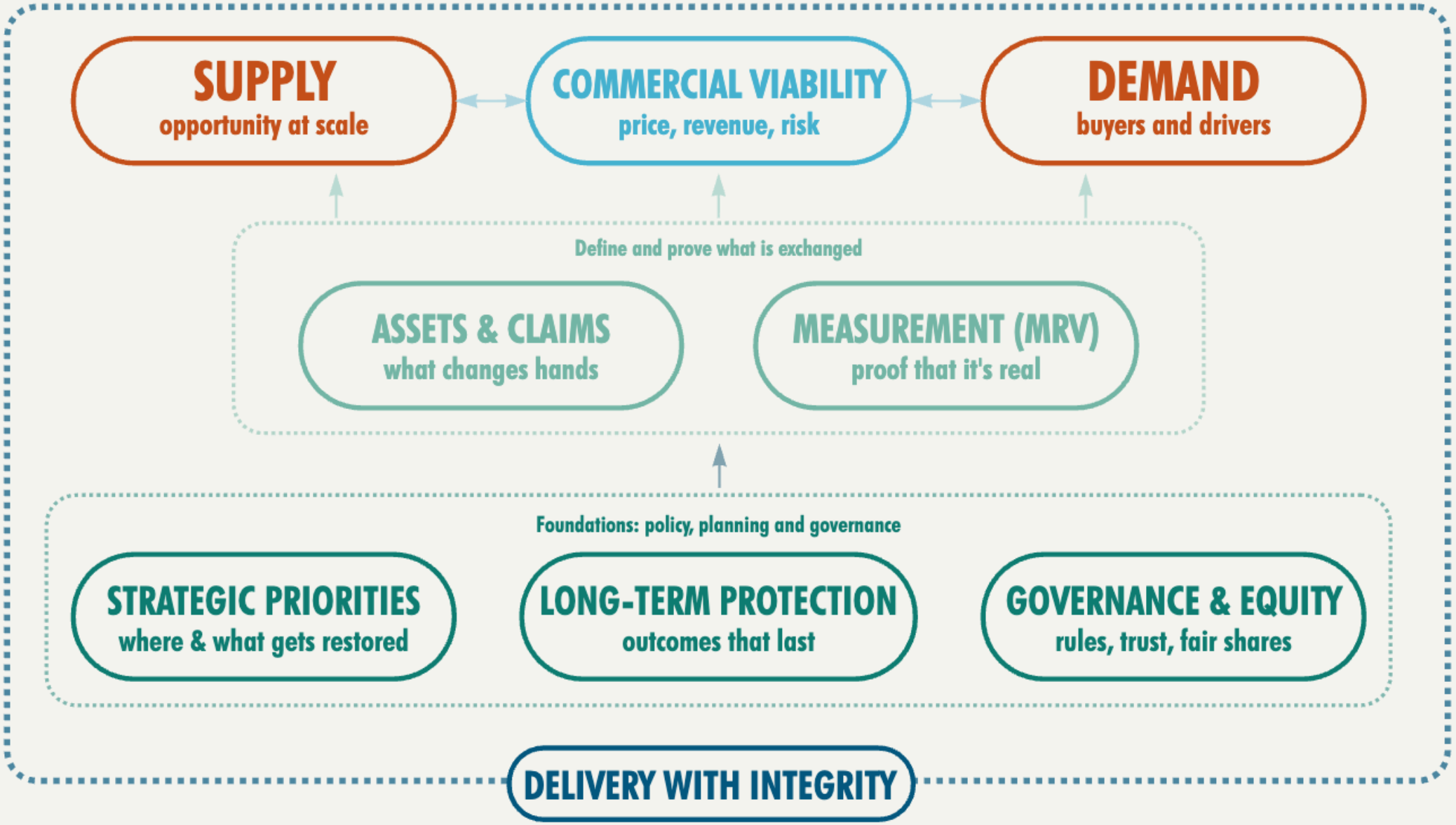
## OPPORTUNITY MAPPING

ReMeMaRe · MaRePo(+) · NatureScot's opportunity maps · NI blue carbon mapping

## NOT YET A SYSTEM:

The building blocks are arriving, but separately. A working market needs them to connect: supply, demand, a viable transaction & the rules beneath it.

# What a working nature market needs



# Opportunities are being mapped; we lack a pipeline

## IDENTIFYING OPPORTUNITIES

- ReMeMaRe & MaRePo(+)
- NatureScot's opportunity mapping & enhancement project guidance
- Seagrass Action Cymru & Project Seagrass
- WWT's Wetland Potential Maps

## CREATING A PIPELINE

Most projects are small & stand-alone; proven restoration is inshore, while compliance demand is mostly offshore

## RESTORATION OR REDUCTION?

At sea, reducing pressures often delivers more than active restoration, but much of it is a regulatory role; how far markets can support it is unresolved

## BUILDING SCALE:

Projects grouped at seascape scale · Support to become investment-ready · Pooled funding · Links between inshore projects & offshore demand

# SUPPLY: OPPORTUNITY & SCALE

# Without demand, there is no market

## COMPLIANCE

Real but narrow:

- offshore wind compensation; the MRF offers MPAs
- marine net gain could broaden it

Most reliable early driver

## VOLUNTARY & SUPPLY CHAIN

- Businesses investing in the coasts & seas their operations depend on

Early partnerships already under way

## DISCLOSURE

TNFD & the ISSB proposals put nature dependencies in front of boards

Not yet a driver to buy

## WHAT BUYERS NEED TO SEE:

Costs they can justify ▪ Clarity on risk ownership ▪ A clear claim ▪ Proof of outcomes

# DEMAND: BUYERS & DRIVERS

# Turning supply & demand into a market

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## COMMERCIAL VIABILITY

Needs:

- Price, revenue & risk that works for both sides

Progress:

- Oyster Heaven's verified outcome contracts with Nestlé Purina demonstrate potential

Most projects are too small, with no long-term buyer

## ASSETS & CLAIMS

Needs:

- A clear unit & what buyers can claim

Progress:

- BSI framework
- Saltmarsh & seagrass codes

Compensation currently funds MPAs, not restoration

## MEASUREMENT (MRV)

Needs:

- Proof outcomes are real & lasting

Progress:

- Innovations in monitoring (eDNA, RS)

Thin baseline data, high ongoing costs & technical demands

THE TRANSACTION

# The rules & conditions a market depends on

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## STRATEGIC PRIORITIES

Needs:

- Agreed priorities for what to restore & where

Progress:

- Scotland's MCRP, Wales' National Seagrass Action Plan, MRAPs, ReMeMaRe, MaRePo+

No strategic framework linking national, regional & local restoration plans

## LONG-TERM PROTECTION

Needs:

- Outcomes protected to permanence requirements

Progress:

- Non-commercial licensing
- Emerging insurance solutions

Licences permit activities but cannot protect outcomes from other activities

## GOVERNANCE & EQUITY

Needs:

- Transparent oversight & defined benefit-sharing

Progress:

- BSI Flex rules on claims & registries; community benefits code (draft)

No marine registry; no defined approach to benefits sharing

# THE FOUNDATIONS

# Delivering with integrity

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## ENVIRONMENTAL

Credible baselines, additionality tests & safeguards for permanence

## SOCIAL

Early engagement with communities & sea users, & agreed benefit-sharing mechanisms

## CLAIMS

Clear claim rules, a mitigation hierarchy test & units retired once claimed

## MARKET

Independent verification, transparent registries & safeguards against greenwashing

## GUIDANCE & TOOLS:

High Integrity Marine Natural Capital Markets Roadmap · BSI Nature Investment Standards · Defra's Nature Markets Framework & Principles for Voluntary Carbon & Nature Market Integrity · Scotland's Natural Capital Market Framework · Wales' Sustainable Investment Principles

INTEGRITY

# What still needs to be resolved?

## SUPPLY

- Is there a big enough pipeline of viable restoration projects?
- Which revenue & blended finance models can cover long-term costs & risk?

## DEMAND

- Which buyers have a regulatory, commercial or strategic reason to pay at scale, & what certainty do they need?
- How will voluntary demand sit alongside the MRF & future MNG, & could the same projects serve both?

## TRANSACTION

- What is being sold, & what can buyers claim?
- How do we prove baselines, attribution & additionality, especially in MPAs?

## FOUNDATIONS

- How should recovery priorities be set at different scales, & how do we ensure equity?
- How are restored sites protected long term, & who oversees the market?

## WORKING TOGETHER:

No single organisation can answer these questions. Joining up the work already moving, across sectors & all four nations, & piloting solutions, is how we get to a working market.

# Thank you for listening

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Access the paper:

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howellmarine.co.uk/uk-nature-market/

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