

Lea Catchment Project:

Catchment trading of ecosystem services and nature-based solutions

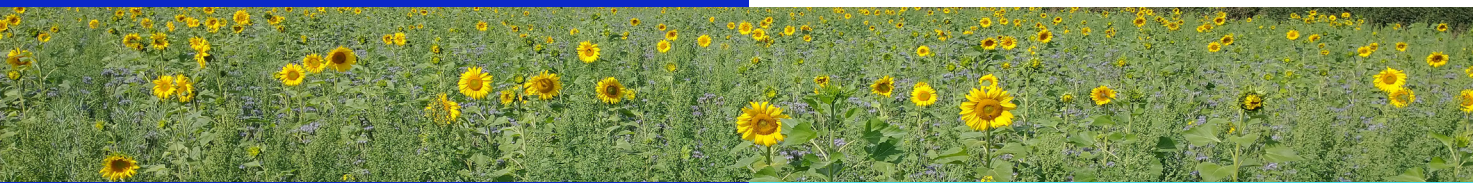
Challenge

Current and historic investments in nature-based solutions (NbS) made solely by Affinity Water, leading to disproportionate costs in delivering environmental outcomes and missed opportunities in generating investment from wider sectors through their regulatory and/or Environmental, Social and Governance (ESG) commitments.

The development of market trading is a new approach to the funding of NbS and environmental improvements. Trading platforms are in early stages of development, and funding streams for measures are in flux / or being gradually rolled out by government due to changes in national policies.

Benefits and Outcomes

- Successful participation in both 'trades' with commitment to continue and expand approach.
- Generated significant wider investment in NbS from other partners into the Lea catchment.
- The collaborative and coordinated nature of the approach meant that other private funding sources were unlocked enabling more interventions to be delivered than through a single funding body, such as Affinity Water acting on its own, maximising actual change on the ground.
- The NC evaluation showed significant benefits across a range of ecosystem services and a minimum cost/benefit ratio of 6:1 or higher representing good value for customers.
- Outcomes showed a range of societal benefits, such as natural flood management, benefitting our customers.
- Monetised results through an NC approach enables us to demonstrate value to our customers.



Objectives

- Test and evaluate the benefits of different market trading approaches with farmers and land managers to deliver ecosystem services in the Upper Lea catchment.
- Ecosystem Services are the direct and indirect contributions ecosystems, known as natural capital (NC) provide for human wellbeing and quality of life. This can be in a practical sense, providing food and water and regulating the climate, as well as cultural aspects such as reducing stress and anxiety.
- Undertake a NC evaluation of the wider benefits of the funded/co-funded measures.

Solution

To develop and participate in two different market-based ecosystem services trading approaches:

- a "Reverse Auction" for cover crops in Upper Lea using the EnTrade environmental trading platform, co-funding interventions with Cambridge Water.
- a "1 month auction" for NbS managed by the East Anglia Landscape Enterprise (LENs) using the NatureBid environmental trading platform, alongside other participants such as Nestle/Purina and Cargill.

Review each trading approach with regard to advantages and disadvantages from the perspective of the Company.

Undertake a NC evaluation of the funded measures through the different approaches including benefits, limitations and opportunities.

Monetise the benefits across a range of ecosystem services and estimate the cost/benefit of each market-trading approach and associated funded/co-funded measures.

