Exploring the potential of Farmer Groups in England to stimulate Nature Markets

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Context

The UK Government recognises that the level of investment required to support landscape-scale nature recovery will require significant involvement from the private sector. This is leading to increased action and interest in Nature Markets - private sector investments in nature recovery. Other related terms are “Ecosystems Markets”, “Green Finance” or “Land-use Finance”. Some of these markets, such as Carbon Credits under the Woodland and Peatland Codes, are well established, whilst others, e.g. for biodiversity, are emerging.

A target has been set by the Government to mobilise £500m of private finance for nature recovery annually by 2027 and over £1bn annually by 2030 (Defra, 2023). The Government is committed to stimulating nature markets to support these objectives, which will involve measures both to encourage demand from the private sector and to enable the supply side (i.e. landowners and managers).

Measures to stimulate nature markets must tackle several challenges. An important challenge is how to aggregate offerings from individual landowners to achieve the sufficient scale sought by investors.

Within this context, existing farmer groups could be in a key position to encourage land-manager engagement with nature markets. Farmer groups and their facilitators may be able to act as intermediaries between groups of farmers and private sector buyers, and build on their existing models of aggregation and trust-based relationships within their group members. Therefore, Natural England commissioned a project to understand more about farmer groups in relation to nature markets. This briefing is the result of that project.

Research objectives

The aim of this research was to understand the capability and capacity of farmer groups to support place-based environmental initiatives related to nature markets. The focus was on groups or organisations that operate at a local or regional scale, and which offer business support or advice to farmers and/or which aim at achieving environmental objectives. The project first identified and mapped existing farmer groups in England. It then explored their potential to engage with the topic of nature markets and whether they could act as bridging institutions to private finance.

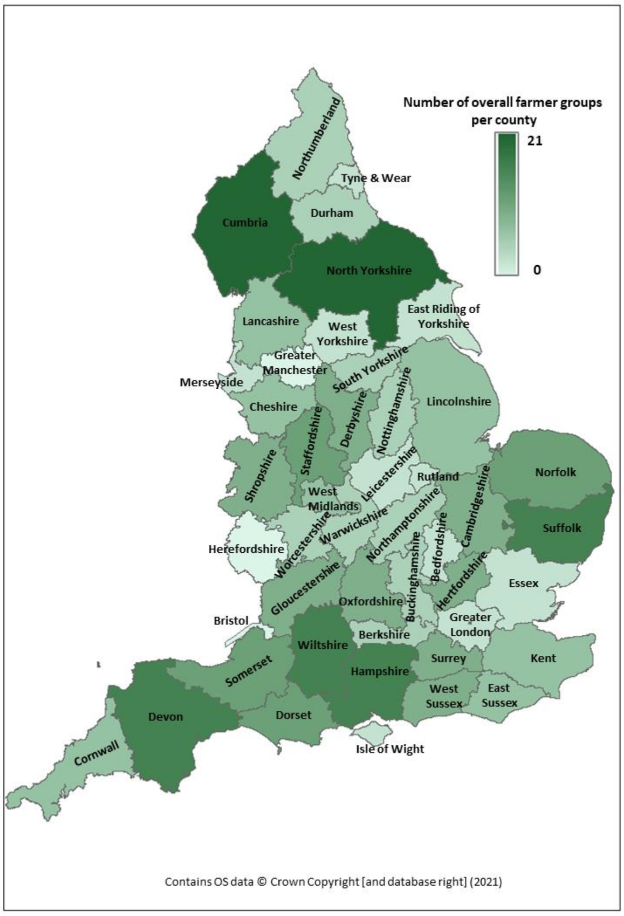

Figure 1: Map of geographical coverage, by county, of farmer groups identified through the project.

Research methods

An initial data set of farmer groups was compiled from known sources (Farmer Clusters, National Directory of Farm and Rural Support Groups, Catchment Based Approach groups). This was then expanded using targeted google searches. Farmer groups were included if they provided support, including business advice, to farmers.

The farmer groups in the final dataset included agricultural societies, farmer environmental cooperatives, Landscape Enterprise Networks, river catchment groups, support/advisory/advocacy groups, facilitation funded farmer groups and Farmer Cluster groups.

Maps based on ceremonial county boundaries were created to visualise the geographical distribution, overall density of farmer groups and density by type of groups. A total of 235 groups were mapped. This included 136 farmer cluster groups and 99 other groups.

An online survey was then sent out to these identified groups, to which 28 responses were received. The research questions explored the groups' characteristics and potential to engage with nature markets. This was based on an established framework which considered groups' willingness to engage, ability to engage and current engagement. Based on the survey results, five indicators were then created to assess key dimensions of capacity: human resources, the group's experience relevant to nature markets, governance model, group size and location, and group readiness.

The survey was then followed up with nine in-depth interviews with the facilitators from a range of farmer groups which explored the role of groups and their capacity to engage with nature markets.

Findings

- The mapping exercise indicated the geographical spread of existing groups (figure 1). This broadly reflects the industry's structure but also identifies where there is less coverage. Regions with fewer farmer groups (e.g. Essex) potentially will have reduced capacity to access to Nature Markets.
    - Due to the small sample size, the research provided indicators of capacity for respondents within each region, but could not generate indicators to reflect the overall regions' capacity.

- Farmer groups vary in their enthusiasm, but generally express a moderate level of interest and perceived readiness to engage with nature markets.
    - A current key strength of farmer groups was identified as Aggregation and Geographical Coherence, recognised by 80% of respondents to the survey. This enables environmental benefits to be achieved beyond farm boundaries and provides eligibility for additional sources of funding.
    - The main roles that respondents identified for their groups were (i) applying for public funding and (ii) supporting farmers to design interventions on their land to meet the requirements of the nature finance market. A smaller number of respondents (10) reported that their farmer group could provide a negotiating role between farmers as suppliers and potential buyers.
    - Many of the groups' aims, expertise and services aligned well with the needs of the nature market, for example ecology and agronomy and most groups and their members have experience in publicly funded schemes (e.g. the Countryside Stewardship Scheme facilitation fund or AECS). However, only 5 respondents of 28 groups surveyed had received investment from the private sector.

- Many of the groups surveyed are well connected to environmental charities, NGOs, public and regulatory bodies, but less so with other farmers and land managers. Many of the groups lack connections with food supply chain actors and with potential private buyers within the nature market.

- Farmer groups varied greatly in their size. In our survey group size ranged from 8-680 farmers, and additionally one group with over 10,000 members.
    - Size matters. For smaller groups with less than 50 farmers, members felt it was easier to coordinate and facilitate activities. Smaller groups also identified an opportunity to offer place-based investment opportunities which also reinforce farmer identity. Larger groups, with over 50 members, identified that they had more capacity to identify and advise on accessing new nature markets.

- Farmer Groups used a range of governance models, ranging from informal to more formal legally constituted partnerships. The relative advantages of alternative governance models to engage with nature markets are not yet well understood.
    - Most of the groups responding to the survey believed that types of farmer groups other than their own might be better placed than their own to act as this bridging organisation, with farmer clusters being the preferred intermediary.

- Facilitators were employed by 17/28 of the groups who responded to the survey. This is a trusted role, and facilitators were recognised for their skills in networking and ability to identify key information, e.g. funding sources. For most groups, the skills of their facilitators were well aligned with the needs of nature markets, especially environmental objectives. However, facilitators may have precarious roles and have to protect their credibility and reputation, whilst largely working within their members' interests. Some may therefore have limited appetite, mandate or opportunity to promote new opportunities to their groups.

Recommendations for support and further research

The following support needs were identified in the research:

- Provide case studies of action which demonstrate multiple benefits (not only financial viability), ideally with opportunity to contact or visit farms.
- Support facilitators: by reducing the precarity of facilitator roles, and by supporting their capacity to network & to learn about new nature markets.
- Government backing through setting standards and baselines.
- Provide specialist credible guidance, e.g. legal templates for contracting with private buyers.

Suggestions for further research to build on these findings are:

- Investigate further variations between groups: groups of different sizes tend to have different strengths and challenges and support should be tailored accordingly; increased experience is likely to change views and support needs so requires monitoring.
- Establish and monitor pilot schemes, contrasting different types of different nature markets as they emerge.
- Investigate the effect of legal constitution on groups' ability to get involved.
- Explore different experiences of and opportunities for support for hill farming groups.

Further information

More project information can be found on the website: https://www.hutton.ac.uk/project/exploring-the-potential-of-regional-farm-and-rural-support-groups-to-stimulate-green-finance-markets/

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