

# Three Years of 'Revere'

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Lessons from a Groundbreaking Partnership



## Introduction

Three years ago, we launched [Revere](#), a partnership between Palladium and the UK National Parks to restore nature at scale using ‘green finance’ (i.e., new sources of funding from investors and companies). Since then, our teams have built a portfolio of 15 pilots and commercial scale projects, developed a UK-wide project pipeline of over 100,000 hectares, unlocked finance from companies such as [Santander Bank](#) and [Estee Lauder Companies](#), and secured a sector-leading £70 million offtake deal with Respira.

“Nature-based solutions need financing,” says Jose Maria Ortiz, Palladium co-CEO. “Traditionally, these kinds of projects have been funded by the taxpayer, but to scale up nature restoration we need to unlock new sources of investment. If we want to do this, we need templates for how to design and fund projects in the right way, and partnerships to bring people together to help build these solutions. That’s exactly what we’re doing through Revere.”

The partnership is dedicated to accelerating progress in the fight against climate change and nature loss and the team hopes that many of their projects can be replicated across the parks network, outside of national park areas, and land around the world.

As they reflect on the past three years and look ahead to the future, Revere team members are sharing what they’ve learned along the way.

Buyers looking to meet their net zero requirements need to pay the full cost of carbon removal.

One of the main barriers in the UK's nascent nature market is the lack of investable or scalable projects (such as peatland restoration projects, woodland creation projects, etc.) – often because revenues from selling ecosystem services do not yet match up with the costs of restoration. According to Tom Gegg, UK Project Development Lead in Palladium's Nature-Based Solutions team, there are also significant costs associated with developing nature-based projects at scale that are often not being factored into the end price of the carbon credits they create.

“For example, with a woodland carbon removal project, costs will normally involve ecological surveys, land manager outreach, community engagement, sub-contracting partners, tree planting, multi-decade maintenance and monitoring,” he explains.

In addition, land managers need to make a sustainable income from hosting the woodland – and be fairly compensated for making such a significant commitment to changing the way their land is used.

“But if companies and buyers only pay £20-£30 for a carbon credit, they are not recognising the true cost of a project and the carbon removal service that it delivers,” says Gegg. “Such low prices are only possible when government subsidies are very generous. To reflect the true value of these projects, the market price of carbon removal services in the UK must rise.”

Ultimately, paying for the project and all its components up front, as opposed to the end product (carbon credits), means that the buyer is paying for the true cost of the service they are purchasing.



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Public funding is crowding out private investment.

Public funding is important for enabling nature-based solutions, but the way it's currently deployed limits participation from investors. This in turn limits the capacity to scale up the restoration efforts and the amount of impact that we can create.

“In a nutshell, the government currently pays for nearly all up-front capital costs with taxpayer money,” explains Gegg. “As a result, there isn't much space left for private investment to help cover the capital costs of nature restoration projects.”

The team believes that with a few adjustments to its funding policies, the UK government could help to unlock private investment into woodland and peatland restoration projects.

The English and Scottish governments currently offer capital grants to cover 75-100% of the upfront costs of peatland and woodland projects, via schemes such as Peatland Action and the English Woodland Creation Offer. However, meeting the UK government targets for woodland creation and peatland restoration will require significantly more public spending than currently allocated by the Treasury, which means there is not enough money to fund all projects in this way.

The UK government's Net Zero goal is to scale up woodland planting to 30,000 hectares planted every year by 2025, yet last year the UK achieved less than 50% of this target. Improving the funding model could help to scale up woodland creation and support many more farmers and landowners to play a vital role in the future of the UK's climate and nature.



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We need a better model for public funding to woodland and peatland restoration – one that can unlock private investment and achieve better value for money.

“We propose that the public subsidy model is restructured to open up the space for investment into woodland and peatland carbon projects,” says Andrew Sutherland, Head of Nature-Based Solutions at Palladium and Director of Revere. “A results-based subsidy mechanism – like the Contracts for Difference that have been used in the renewable energy sector – would help to unlock investment into carbon removal projects.”

Using this type of mechanism, governments would transfer the role of funding the upfront capital costs of new projects to investors and instead focus on topping up project revenues only when extra support from the public sector is needed.

This results-based subsidy would act as a backstop if market prices for carbon and other ecosystem services are too low or fluctuate significantly over time. Landowners and project developers can therefore have confidence that they will receive the revenue they need to make a long-term project economically viable. If market prices rise over time, then the value of public top up payments will decrease towards zero – delivering greater value for public money.

There is a mismatch between the needs of projects and the needs of investors.

There's a growing investor interest in supporting new projects, evidenced by the 15+ major investors that have joined the new [Financial Institutions for Nature group](#) established by the Green Finance Institute, and multiple new dedicated funds being launched.

However, commercial investors' terms often do not match the needs of nature-based solutions projects. For example, investors may be looking to exit after a maximum of ten years, or prefer the kinds of lower risk, commercial levels of return that they would receive in more developed markets.

"We think the solution is for investors to approach nature-based investments as they would infrastructure deals and energy projects in the UK, where they make a long-term investment that aligns with the lifespan of a typical woodland creation project," Sutherland proposes. "This is a new market, with high risk, so we need patient investors with the appetite to invest for the long-term and support long-term nature restoration goals."

"After all, we're talking about regrowing a woodland full of native tree species; the process cannot be expedited."

## Looking to the Future

For Revere, the next year is about securing investment to launch a portfolio of woodland carbon projects across the UK. A call for expressions of interest for buyers to access a first tranche of high integrity woodland carbon credits was recently launched and the team is looking for like-minded partners that are ready to commit to restoring nature at scale.



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