



Achieving our Native Woodland Afforestation Targets Strategy & Rationale



Presented by: Green Belt Ltd

May 2018



➤ The starting point - POLICY

- NWS establishment targets set in the Forestry Program 2014 – 2020
- Funding of €16.45 million allocated to help achieve this target
- Establishment grants, pre MTR, of €4,935 to €5,250 per ha, excluding a fencing allowance, were introduced and increased by 5% plus post MTR
- Post MTR premium payments of €665 - €680 per ha payable for 15 years are available to land owners

	2015	2016	2017	2018	2019	2020
Target - as per National Afforestation Program	450	450	450	450	450	450
Actual Area planted	163	158	269			
Average plantation size	5.43	3.87	4.35			

Why is policy failing to achieve targets?



➤ Why is policy failing

WHAT IS PREVENTING POLICY BEING ACHIEVED

- The perception of value
- The perception of risk
- Adequate remuneration and cash flow



➤ The perception of Value – Native Woodland and Ecosystem Services?

What is my comprehension of value?

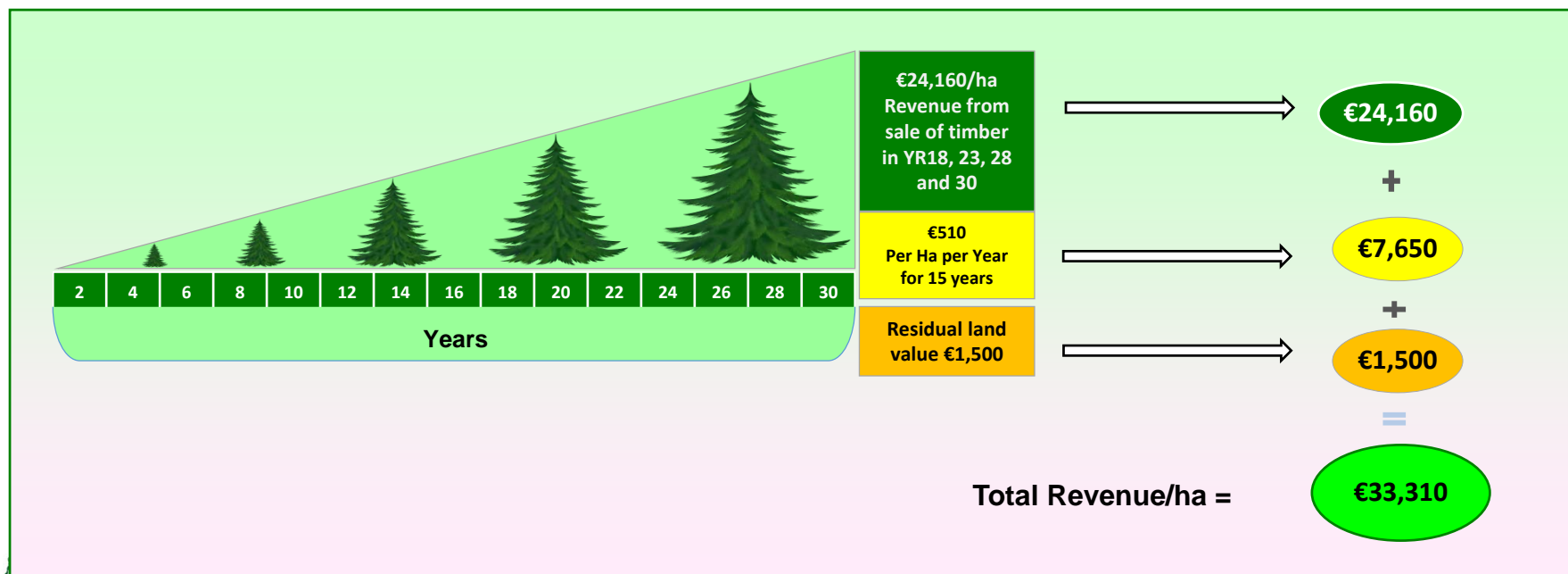
Is it that Native woodlands are an important part of Ireland's natural heritage, history and culture, and are unique in terms of their biodiversity.

They are home to specialised woodland animals, birds, insects and plants, including red squirrel, pine marten, great spotted woodpecker and wood millet, to name but a few.

Is it that Native Woodlands provide numerous ecosystem services such as the protection and enhancement of water quality, recreational opportunities and carbon capture?

➤ The perception of Value – is it that conifer plantations are best?

Does my perception of value push me to plant a conifer plantation of high yielding Sitka where me rotation will be approximately 28 -32 years which I will thin 3 times, clear fell, tap into a tax efficient revenue stream and replant yielding about a 6% IRR on the investment with strong cash flow?

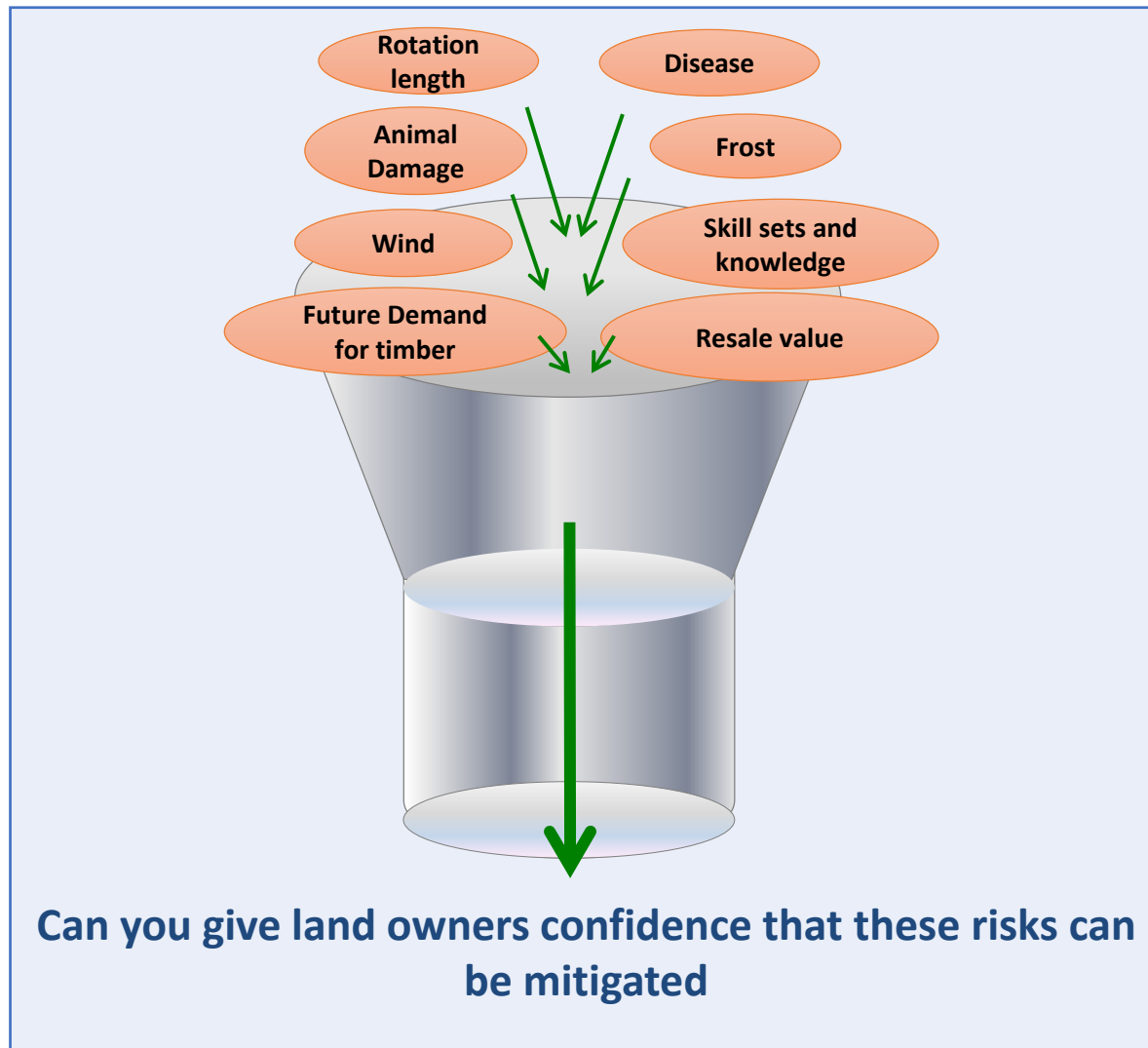




➤ The perception of Value – does the value sit in the land?

- Who is planting land under the afforestation program
- What is the key asset they value?
- Farmers know that planting devalues their primary asset
- Planting conifers devalues land from current agricultural value to about €4,000 per acre and conifer plantations maintain a strong secondary market
- Broadleaf plantations and primarily NWS plantations devalue land from current agricultural value to less than €800 per acre and there is an exceptionally poor secondary market for these plantations

> The perception of Risk with establishing Native Woodlands





➤ Adequate remuneration

If we conclude that those planting land place more value on; short rotations conifers, on the future resale value of their plantations, **and** that they also perceive that establishing NWS plantations carries “significant risk” then;

- We need to recognise the requirements of landowners and design a scheme that suits their needs and not build a scheme solely focused on what “we want”
- We need to rebalance the overall perception of value in favour of ecosystem services
- We need to create a cash value for the ecosystem services (ECS) provided by NWS plantations
- Land owners need to receive this “top-up ECS payment” either annually or up front
- We need to find the “financial tipping point” i.e. the **ADDITIONAL** quantum that land owners need to receive to realistically consider NWS establishment as a viable land use option



➤ The Solution – Target Corporate & Social Responsibility (CSR) budgets

The EU Commission published Guidelines on Non-Financial Reporting in July 2017. These guidelines are intended to help companies draw up relevant, useful, concise, non-financial statements according to the requirements of the Directive which will be applied from 2018.

Non-financial reporting will include environmental, climate, carbon, social and governance related information.

Funding Native Woodland schemes by targeting payments to forest owners for the ecosystem services provided by these plantations provides an opportunity for companies to include expenditure on the creation of native woodlands in their non-financial reporting returns.

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en



> The Case Study

- An innovative project is now operating in Ireland, involving the computer multinational Microsoft, the UK-based Forest Carbon Ltd., Natural Capital Partners and driven on the ground by Green Belt foresters.
- Under the project, Microsoft is funding the **ADDITIONAL** upfront payment of €1,000/ha to supplement the grant and premium available under the NWS establishment scheme to further encourage land owners to plant natives.
- Whilst land owners retain full ownership of their land, trees and the resulting timber, Microsoft is focused on the environmental benefits of the woodlands in order to support Ireland's forest creation goals, and on demonstrating its commitment to the country's environmental targets.
- This is a first step towards creating a meaningful Ecosystem Services payment for forest owners and in truth is a massive leap forward



> The Result

- Over 1 Autumn – Spring planting program the Microsoft – Green Belt phase 1 planting target of 136 ha was achieved.
- Average site area is 12 ha, 300% increase on last years average
- In one planting season NWS establishment within Green Belt rose by 80% to 170ha.
- Green Belt foresters have never been more “switched on” to marketing and promoting NWS establishment to all land owners
- Green Belt have 150 ha of pent up NWS demand awaiting planting.
- Farmer interest is now strong
- The future ??????????????????



**For further details contact Green Belt Ltd on:
info@greenbelt.ie or 049.854.8000**
