

The Flow Country Landscape

Scotland

Taking peatland restoration to scale



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About the Landscape Finance Lab

The world faces intersecting crises in climate, biodiversity, water, food, and governance. Landscape finance addresses these market failures by integrating solutions across sectors, geographies, and scales.

The Landscape Finance Lab (“the Lab”) was founded within global environment charity WWF in 2016 and became an independent non-profit in June 2021. The Lab’s mission is to incubate and finance sustainable landscapes that deliver impact on the global goals. The Lab’s work is developed through three core interrelated workstreams, each one supporting and enhancing the work of the other two:

- structuring high quality landscape programs across four critical systems - wetlands and peatlands, forests, coral reefs and regenerative agriculture;
- designing innovative financing mechanisms that invest in and across landscapes;
- building sector learning, capacity and impact

The Lab supported the incubation of the Flow Country landscape from 2020 - 2023.

EXECUTIVE SUMMARY

The **Flow Country** in northern Scotland contains the world's most intact blanket bog peatland system, storing 400 million tonnes of carbon. Yet 45% of this globally significant landscape shows degradation from historical land use practices. Meanwhile, surrounding communities face demographic decline, limited economic opportunities, and deep-seated mistrust of externally-driven environmental investments stemming from historical displacement and recent experience with large-scale projects that delivered minimal local benefit.

The approach

Beginning in 2020, an informal partnership of conservation organisations, public agencies, land managers, and communities embarked on a structured journey to transform shared concern into coordinated action. Through systematic incubation, the partnership moved through five critical stages: formalising governance through the creation of the **Flow Country Partnership**, building shared evidence, co-creating a landscape vision, piloting restoration approaches, and establishing monitoring frameworks.

An innovative model

The Flow Country Partnership's Green Finance Initiative proposes a distinctive blended finance model that combines public restoration grants with voluntary carbon market revenues to fund peatland restoration at scale. Critically, the creation in 2024 of a Scottish Charitable Incorporated Organisation (SCIO) and commercial subsidiary will deliver landscape-scale restoration while ensuring benefits remain in local communities as the governance structure channels commercial profits back through the charitable parent to fund community benefit projects, creating a reinvestment cycle that supports both ecological recovery and rural resilience. Pilot projects test this approach across different land ownership models, demonstrating that restoration can align with farm viability.

Key Lessons

Several insights emerge with broader relevance for landscape-scale restoration:

- community and local economic resilience, grounded in an ecologically resilient landscape, resonates more powerfully than the prospect of uncertain carbon payments as an entry point for land manager engagement;
- governance and delivery capacity matter as much as business model design;
- ecosystem service diversification may reduce dependence on immature carbon markets;
- patient, place-based engagement builds the trust necessary for transformative change;
- carbon finance shows long-term promise, but public funding and strategic grant programmes remain essential to de-risk early investment and demonstrate viability.

The Path Forward

With formal governance now established, UNESCO World Heritage status secured in 2024, and first phase pilots either delivered or underway, the Flow Country transitions from incubation to implementation. Immediate priorities include fully operationalising the subsidiary, building an investable project pipeline, strengthening local delivery capacity, and securing commercial and institutional finance.

The initiative demonstrates how large, complex landscapes can move from informal partnership to investment-ready programme when ecological ambition is matched by social legitimacy, institutional innovation, and sustained capacity-building. Its journey offers a replicable pathway for other landscapes seeking to align community leadership, restoration outcomes, and long-term financial resilience.

The Flow Country, the most intact and extensive blanket bog system in the world, and the first peatland ecosystem to be inscribed as a UNESCO World Heritage Site, is emerging as a flagship example of landscape-scale restoration.

INTRODUCTION

The Flow Country Partnership's journey to investment-readiness demonstrates how landscape stakeholders can develop their early ambitions and move to full programme design and implementation, through harnessing innovative governance and financing structures. Spanning Caithness and Sutherland in remote northern Scotland, the Flow Country combines exceptional ecological value with challenging social and demographic realities, complex land ownership and land use patterns, and fragile rural livelihoods.

This case study tells the story of how the Flow Country evolved from a long-standing but largely informal partnership of conservation organisations, public agencies, land managers, and communities into a formalised, investment-ready landscape initiative with a clear business model. The journey began with a shared recognition of the landscape's challenges, impacts of land degradation, biodiversity loss, and the vulnerability of rural livelihoods, alongside a recognition of the growing urgency to preserve and restore the Flow Country's world-class peatlands. These concerns became the foundation for a collective reflection and visioning around landscape restoration, which evolved to blend government grants and carbon markets, alongside nature-based tourism, and a locally rooted bioeconomy, as enabling tools to unlock finance for restoration at scale.

The case study's structure reflects how the Flow Country, supported by the Landscape Finance Lab's incubation process, progressed through the five elements of a landscape approach - from the formation of the landscape partnership, through the articulation of its vision and roadmap for the long term, sustainable financing of the restoration. It explores how ecological priorities, stakeholder relationships, governance arrangements, and revenue models co-evolved over time, culminating in the establishment of a dedicated governance entity and a commercial delivery arm.

Valuable lessons can be learned from charting the evolution of the Flow Country's partnership and governance model, and its emerging investment strategy. The experience offers relevant insights for other large landscapes seeking to align community leadership, restoration outcomes, and long-term financial resilience.

LANDSCAPE OVERVIEW

Location	Caithness and Sutherland, Scotland
Area	400,000 ha wider landscape (65,000 ha identified as total addressable market suitable for restoration). 190 ha form part of the World Heritage site.
Description	Blanket bog peatland ecosystem
Partners	The Flow Country Partnership is open to individuals and organisations with a connection to the landscape. It brings together community representatives, local bodies such as NatureScot, RSPB Scotland, the University of the Highlands and Islands, Highland Council, Highlands & Islands Enterprise and national partners including IUCN UK.
Governance and legal status	• Flow Country Partnership Scottish Charitable Incorporated Organisation (SCIO): the charitable parent body led by a Steering Group. • Flow Country Restoration Ltd (SubCo): wholly owned commercial delivery arm.
Land ownership	Large estates, crofting communities, private farms, and public and institutional landowners
Land use	Agricultural, recreational, forestry, renewable energy
Landscape approach	Green economy, ecosystem restoration, Payment for Ecosystem Services
Financing	Grants, Voluntary Carbon Market via IUCN UK Peatland Code



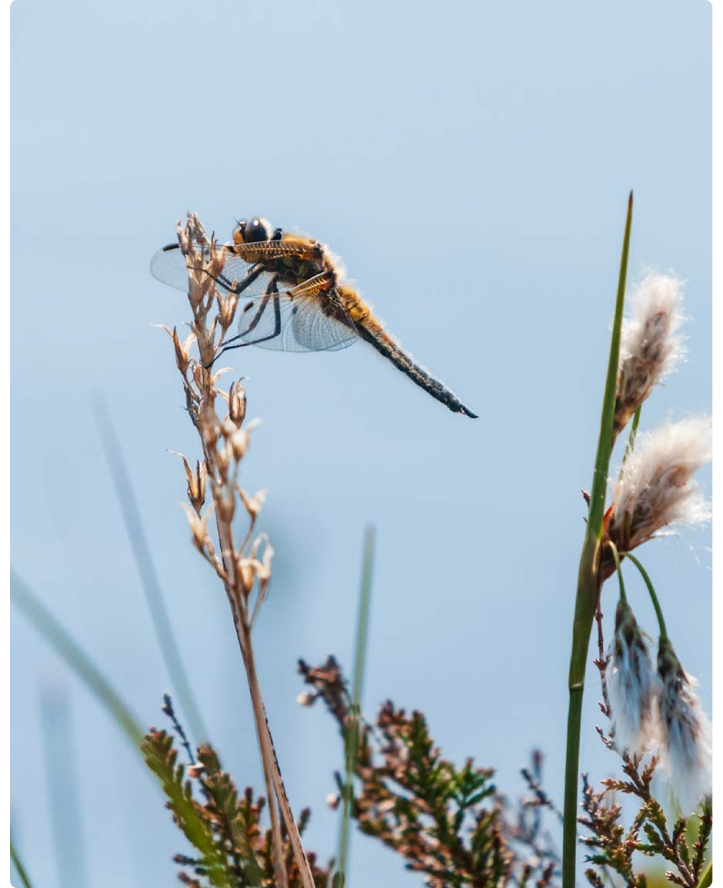
LANDSCAPE OVERVIEW

Ecological Significance

Located across Caithness and Sutherland in northern Scotland, the Flow Country is one of the world's most significant peatland landscapes and its most intact and extensive blanket bog system. Blanket bogs form in conditions of high rainfall and low evaporation and transpiration, allowing peat to accumulate not only in wet hollows but also to 'blanket' wide areas of gently sloping ground, creating peat deposits of varying depths. In places, peat in the Flow Country is ten meters deep.

The landscape stores an estimated 400 million tonnes of carbon (more than double Britain's tree carbon) and supports rare species such as Dunlin, Golden Plover, and Red-throated Diver. UNESCO World Heritage inscription in 2024 underscored its global ecological value, declaring it "the most outstanding example of an actively accumulating blanket bog landscape".

Despite this significance, 45% of the peatland ecosystem shows degradation from overgrazing, forestry on deep peat, historical drainage and ditching, and peat extraction. This has disrupted hydrology, increased emissions, and weakened ecosystem function.



Socioeconomic context

Land ownership in the Flow Country is a mosaic of large estates, crofting communities, private farms, and public bodies. The rural economy remains highly dependent on livestock systems, with limited diversification and persistent challenges related to remoteness, infrastructure, and demographic decline. Many communities face outward migration of young people, limited access to affordable housing, and a narrowing employment base, contributing to pronounced inequalities in wealth and opportunity across the region.

Over the past decade, these issues have resurfaced with the advent of large-scale, externally driven investment projects. Significant wind energy developments brought visible infrastructure into the landscape but delivered limited and uneven economic benefits for surrounding communities. While such projects contributed to national energy and climate goals, many residents felt that value largely flowed outward, reinforcing scepticism toward new waves of externally financed "green" investment, potentially fueled by a speculative "carbon gold rush", raising concerns that land use decisions might be shifting further away from those who live and work on the land.

In the Flow Country, these dynamics struck a particularly sensitive nerve. Memories of the Highland Clearances - when communities were evicted and displaced from the land by powerful landlords, remain deeply embedded in local identity. For many residents, externally driven carbon and energy investments echoed these historical patterns, reinforcing mistrust toward climate solutions without clear local ownership, voice, or long-term benefit.

At the same time, there was growing recognition that peatland restoration, nature-based tourism, and a locally rooted bioeconomy could offer real opportunities to rebuild livelihoods and strengthen the region's future. However, it became clear that these opportunities would only be realised if investment was structured differently: rooted in local governance systems, and designed to circulate value locally. **This context shaped a strong local appetite for an equitable, locally owned green finance model, intended to support long-term stewardship while ensuring that climate action contributes to social renewal rather than further displacement.**

Policy and enabling environment

The Flow Country operates within a broadly supportive national policy environment that recognises peatland restoration as a highly cost-effective climate solution and encourages landscape scale solutions. Scotland's Climate Change Plan commits to restoring 250,000 hectares of degraded peatland by 2030, backed by long-standing public programmes such as the Peatland ACTION grant scheme and the UK-wide Peatland Code*. Together, these frameworks have provided both political legitimacy and practical funding pathways for large-scale restoration in Scotland.

Several factors have strengthened this enabling environment at the landscape level. The Flow Country's inscription as a UNESCO World Heritage Site in 2024 significantly raised its national and international profile, reinforcing its ecological importance and providing a powerful sense of pride and optimism driving local stakeholder engagement, and their commitment to long-term stewardship. At the same time, national climate and rural development strategies explicitly link peatland restoration to job creation, skills development, and economic diversification in remote regions, aligning environmental ambition with rural policy objectives.

*Peatland ACTION is a Scottish Government programme offering up to 100% funding and support for on-the-ground restoration of damaged peatlands across Scotland. It is a partnership led by NatureScot with Forestry & Land Scotland, Scottish Water, Cairngorms National Park Authority and Loch Lomond & the Trossachs National Park Authority.

The Peatland Code is a voluntary, domestic certification standard developed and managed by the IUCN UK Peatland Programme. It provides a rigorous, science-backed framework for generating independently verified carbon credits from peatland restoration, and is backed by the UK government.

Crucially, the policy environment also opened the door to private finance. The Peatland Code provides a recognised standard for generating high-integrity carbon credits, enabling the Flow Country's Green Finance Initiative (tasked with developing the Flow Country Partnership's landscape financing strategy) to explore carbon markets alongside public funding.

However, while the policy environment is broadly enabling, it does not on its own guarantee investment readiness at scale. Regulatory complexity, uncertainties around land ownership and benefit-sharing, and the fragmentation of individual projects remain significant barriers to unlocking landscape-scale investment. In order to address these issues, local partners created, in February 2024, a Scottish Charitable Incorporated Organisation (SCIO) to formalise coordination, manage funds, and ensure that the benefits of restoration are shared equitably across communities (see p.9 and p.14)

Within this context, the Flow Country functions as a regional demonstration landscape, aligning stakeholders expectations with national policy frameworks into coordinated, place-based action. By aligning public policy, local governance, and emerging finance mechanisms, it seeks to show how restoration can be delivered at scale while remaining socially grounded and locally accountable.



FLOW COUNTRY LANDSCAPE INCUBATION AND THE 5 ELEMENTS OF THE LANDSCAPE FRAMEWORK

Element 1 LANDSCAPE PARTNERSHIP

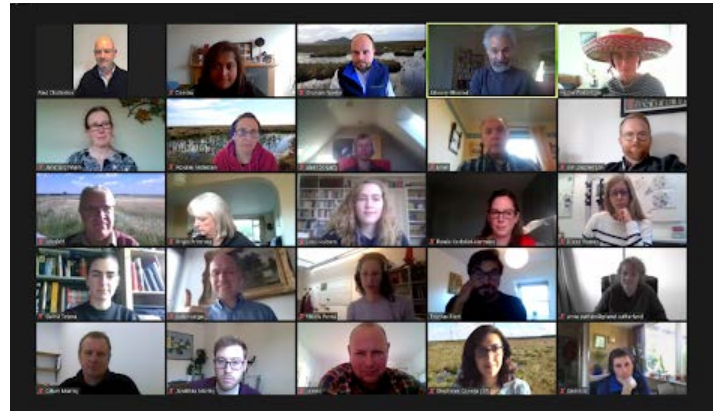
Restoration and management of parts of the Flow Country has taking place in some form, by a variety of different local actors, since the 1980s. The earliest iteration of a more coordinated multistakeholder partnership first emerged around 2006, with the establishment of the Peatland Partnership, following the completion of the EU LIFE funded Peatland Project, and the publication of the first Peatlands of Caithness and Sutherland Management Strategy. Membership of the group included Scottish Natural Heritage, Forestry and Land Scotland, Scottish Forestry, The Highland Council, RSPB Scotland, Plantlife International, the Environmental Research Institute (University of the Highlands and Islands), Highland Third Sector Interface, the Flow Country Rivers Trust, Northern Deer Management Group and Highlands and Islands Enterprise.

Over successive years different organisations became involved in the Peatland Partnership, but the idea to formalise further and take on a truly holistic, multi-outcome landscape approach came about following the conclusion of the successful, National Lottery Heritage Fund 'Flows for the Future' project in 2019. Partners were motivated to maintain momentum, "particularly around the inter linkages between the

restoration and delivery of the World Heritage Site", says Graham Neville, Chair of the Flow Country Partnership (the Peatland Partnership's successor organisation).

The first major step in establishing the Flow Country Partnership in its current form took place in November 2020, at a time when in-person convening was impossible due to COVID-19 restrictions. Against this backdrop, a Stakeholder Consultation and Landscape Visioning workshop was organised online*, bringing together conservation organisations, public agencies, land managers, researchers, and community representatives who shared common concerns about the future of the landscape.

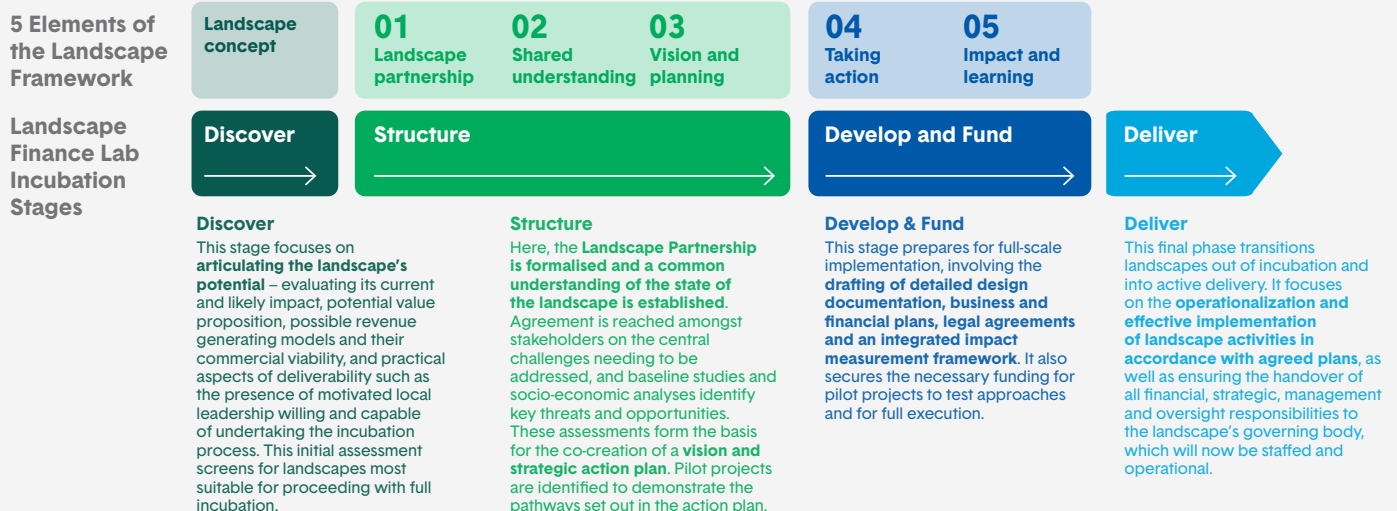
Some of the participants of the Flow Country virtual stakeholder and landscape visioning workshop, held 5 November 2020.



*the workshop was co-designed with support from the Landscape Finance Lab as part of the 'Landscapes as Carbon Sinks' Deep Demonstration programme of EIT Climate-KIC. Landscapes as Carbon Sinks was a collaboration between ECCI, EIT Climate-KIC, the University of Edinburgh's Centre for Sustainable Forests and Landscapes (CSFL), and a number of European partners: ETH Zurich, INRAE, ONF International, The Nature Conservancy, Wageningen Research, and the Landscape Finance Lab. This was the Lab's first involvement in the Flow Country project.

Incubating landscapes for investment readiness

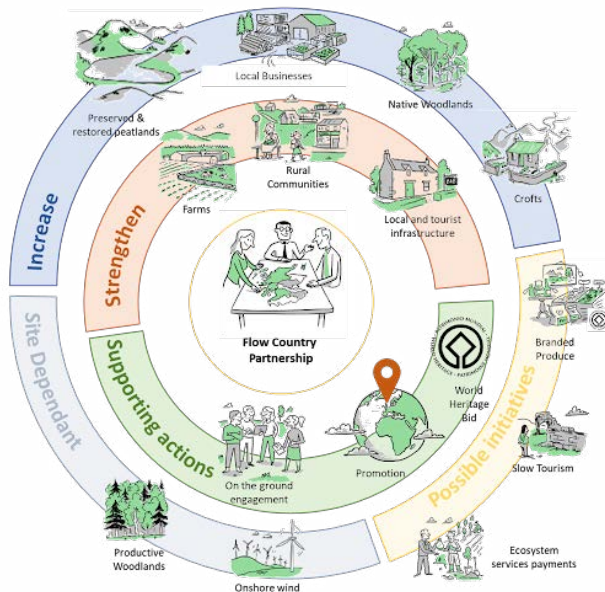
The Landscape Finance Lab's incubation process takes a staged approach to guiding landscapes through the '5 Elements' of the Landscape Framework (also known as Integrated Landscape Management). It provides them with templates, resources, tools, technical advice, mentoring and networks at every stage, with the express aim of delivering investment-ready landscape propositions.



Despite the limitations of an online meeting to build shared narratives, this was the first time such a wide range of landscape stakeholders had come together in a structured way to discuss the Flow Country as a single, interconnected landscape rather than as a collection of individual sites or sectoral interests. The workshop itself was an experiment. It was held entirely online, using video conferencing and virtual whiteboard tools that were unfamiliar to many participants. While this created initial hesitation and technical challenges, it also levelled the playing field in unexpected ways, allowing people to participate from farms, offices, and homes across the region.

The workshop pursued three main objectives:

- build a shared understanding and consensus around a long-term landscape vision for the Flow Country;
- identify business and investment opportunities capable of supporting that vision;
- begin exploring what a credible pathway toward Scotland's Net Zero 2045 target might look like at the landscape scale.



Graphic created for the workshop to illustrate the potential mission and activities of the new Flow Country Partnership.

Discussion quickly moved beyond abstract policy goals to lived experience and practical concerns. Participants spoke about drying peat, declining birdlife, pressures on farming systems, and the lack of economic opportunities for younger generations. These shared observations helped establish trust and a sense of collective ownership over both the challenges and the potential solutions.

By the end of the workshop, stakeholders had converged around a common vision of the Flow Country as a **multi-use landscape: one in which healthy, restored peatlands deliver globally significant biodiversity and climate benefits, while also supporting a more resilient and prosperous**

rural economy. This included the creation of high-quality local jobs linked to peatland restoration, emerging carbon investment opportunities, cultural and nature-based tourism, and the development of a locally rooted bioeconomy.

In 2021, the Peatlands Partnership agreed to expand its membership and change its name to the **Flow Country Partnership**. A Steering Group was formed to oversee the World Heritage bid and develop the **Flow Country Green Finance Initiative** (the Partnership's finance work pillar, supporting the broader landscape aims). Working groups were formed and different Steering Group member organisations (Highland Council, Highlands & Islands Enterprise, Landscape Finance Lab, NatureScot, RSPB Scotland and UHI North Highland's Environmental Research Institute) led the various workstreams, ensuring distributed responsibility, shared commitment and accountability. Regular coordination meetings took place with all partners.

The idea for an equitable business model where long-term value would be retained locally (with profits from the sale of carbon credits generated through peatland restoration being reinvested into community projects) began to solidify. It became clear a new, dedicated organisation would need to be created to provide transparent governance and manage legal and financial obligations.

A two year process to was finally completed in February 2024 when the Flow Country Partnership Scottish Charitable Incorporated Organisation (SCIO) was approved for registration.

“What we’re doing in the Flow Country is new. It’s always hard to be the first to do something. [...]. The Landscape Framework has evolved with us in a way.

In 2020, the first Vision workshop to identify the options, and kind of start us on this journey, was utterly invaluable”

- Graham Neville, Flow Country Partnership

Element 2

SHARED UNDERSTANDING

Building a common vision and action plan for the landscape required building a common evidence base that could support strategic decisions, strengthen trust between stakeholders, and test whether restoration-led development could realistically underpin a viable rural economy.

The ecology of the Flow Country had been studied extensively over the last two decades, but gaps remained around the business case for investment in peatland restoration. To this end, a series of studies was commissioned between 2021 and 2023, primarily led by NatureScot and the Flow Country Partnership's Green Finance Initiative, in collaboration with academic partners at the University of Edinburgh, specialist consultants including the Landscape Finance Lab, and local stakeholders. These supporting studies are summarized below:

- **Sectoral Analysis of the Flow Country:** The study examined the role and future potential of key local industries, including agriculture, forestry, tourism,
- **A report on investment opportunities** synthesized the outcomes of further workshops with public agencies, land managers, and finance actors. These discussions focused on building consensus around the landscape vision, identifying potential business and financing models, and exploring what a credible pathway toward Scotland's Net Zero 2045 target could look like at the scale of the Flow Country. A key insight from this work was the need to aggregate fragmented projects into a coherent pipeline in order to attract both public and private capital.
- **The Landscapes as Carbon Sinks** research project: The report explored how Scotland's landscapes can be transformed from carbon

and energy. The aim was not to replace existing land uses, but to understand how restoration could complement them by supporting job creation, diversification, and regional development while maintaining environmental integrity. This analysis helped frame peatland restoration as part of a wider rural economy rather than a standalone conservation activity.



sources into carbon sinks by designing systemic land-use changes, mapping leverage points, and proposing finance-policy pathways in collaboration with government, academia, and industry.

- Finally, targeted **studies on natural capital valuation and the economic impact and business potential of peatland restoration** strengthened the economic case for investment. These analyses helped quantify benefits beyond carbon alone, including hydrological regulation, biodiversity recovery, and employment impacts, and highlighted the limitations of relying solely on carbon revenues to finance restoration at scale.

Together, this body of work helped move the partnership from broad alignment toward a grounded, shared understanding of where intervention was most needed. Crucially, it reinforced the conclusion that while evidence and analysis were essential, they needed to be matched by stronger governance and delivery structures, setting the stage for the subsequent focus on action planning, piloting, and institutional development.

“One of the benefits in the Flow Country is that we’re really data rich. So we knew where all the drains are. They’re all mapped. We knew where the erosion features are. We have a brilliant project designer. The Peatland Code is pretty prescriptive in terms of your hectares, your costs, etc. So is Peatland ACTION. And we came in at the right ballpark for the restoration costs.”

- Graham Neville, Flow Country Partnership, discussing the importance of data-informed decision-making when choosing and designing pilot sites which will demonstrate the investability of the Green Finance Initiative model.



The initial vision developed by the landscape partners following the November 2020 workshop (see Element 1, page 8-9) provided a clear direction and solid foundation for planning.

a business plan and an investment strategy. The IRNS and FIRNS action plans served as common reference points for prioritising activities, allocating resources, and coordinating programmes across the landscape.

Between 2022 and 2024, a series of consultations and field engagement activities took place as part of the work to engage stakeholders from estate, crofting, and farming communities, in order to refine the Green Finance Initiative's proposed blended finance model, and to map and recruit potential pilot sites. This included targeted workshops, community 'drop in' sessions, and on-site meetings that allowed partners and stakeholders to collectively dig into the practical realities of what restoration meant for land management, livelihoods, and risk.

Whilst these discussions surfaced some underlying conflicts, challenges and bottlenecks, they also confirmed that the core objectives of the landscape vision had not fundamentally changed. Peatland restoration remained central to delivering biodiversity recovery, climate mitigation, and long-term land health. But the way these objectives were framed and discussed, and the role of the community in shaping these needed to be reevaluated.

A full day stakeholder workshop was held in October 2023 at Armadale Farm, one of the Green Finance Initiative's agreed pilot sites managed by Joyce Campbell, a local champion for the Initiative. The

Selected pages from materials created by the Flow Country Partnership for engaging stakeholders.

UPDATED JANUARY 2023

The Flow Country Green Finance Initiative

The Flow Country is home to the largest blanket bog in Europe. It's an important wildlife habitat and stores 800 million tonnes of carbon – more than double the amount in all of Britain's woodlands. This makes it vital for both biodiversity conservation and climate change mitigation.

The remarkable ability of these peatlands to store carbon is only possible if the bogs are kept in healthy condition. Sadly, bogs are now degraded and actually contributing to climate change, rather than reversing it.

Restoring our peatlands is one of the most important things we can do to fight climate change. But it's not always easy to set up projects to do this, especially not at scale.

The Flow Country Green Finance Initiative is a locally-led initiative to raise money to restore peatlands at scale. It aims to support community development goals, create high-quality jobs, carbon investments, ecosystem services, and support circular business models.

Objective

To establish a new model for peatland restoration which blends public and private finance in order to facilitate a just transition to benefit biodiversity, communities and the local economy.

The Flow Country Green Finance Initiative will help achieve our twin climate goals of reducing emissions and sequestering carbon. This is a vital part of Scotland's net zero ambitions, and we're proud to be leading the way.

Vision

We will formulate a Scottish Charitable Incorporated Organisation (SCIO) which will support, connect and scale existing projects within the region and structure responsible investment opportunities.

The Flow Country Partnership SCIO's profits - accrued from investments, ecosystem services and carbon credits - will be reinvested into community projects.

THE FLOW COUNTRY GREEN FINANCE INITIATIVE

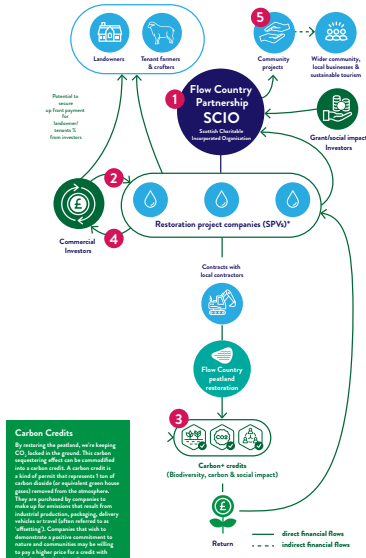
How could it work?

- 1** The **SCIO** will consist of a Board of Trustees that represent key interests from across the Flow Country and will have the right skills and expertise to guide the charity to deliver on the goals of landscape scale restoration.
- 2** The SCIO's constitution will outline the purpose and mission of the charity to restore peatlands, improve biodiversity, and develop community benefit projects. The **SCIO** will also develop ethical guidelines about who can invest in the Green Finance Initiative.
- 3** Underneath the SCIO will sit different companies - **Special Purpose Vehicles (SPVs)** - which will be responsible for different restoration projects. These SPVs will raise investment for the restoration and have shareholders made up of relevant stakeholders for that restoration project (e.g. the SCIO, landowner and investor).
- 4** Carbon credits will be generated at a price that we anticipate will be higher than the market average because we will be able to demonstrate biodiversity and social benefits in addition to carbon storage, hence 'carbon+' credits.
- 5** The money generated from these 'carbon+' credits will be allocated between the shareholders of each SPV.

The SCIO's profits will be dedicated to community benefit projects. This structure and flow of finance helps to give the highest degree of accountability and transparency, whilst ensuring the best price for carbon credits and the greatest possible long term benefits for our landscape and communities.



Proposed financial flows and relationships in the Flow Country Green Finance Initiative



Carbon Credits

By restoring the peatland, we're keeping CO₂ locked in the ground. This carbon sequestration effect can be converted into carbon credits. A carbon credit is a kind of voucher that represents 1 ton of carbon dioxide that sequestered greenhouse gas emitted from the atmosphere. They are purchased by companies to make up for emissions that result from industrial production, providing industry vehicles or travel infra referred to as 'offsetting'. Companies that seek to demonstrate a positive commitment to nature and communities may be willing to pay a higher price for a carbon credit with extra benefits (Carbon+).

Flow Country Partnership SCIO
Specialist Charitable Incorporated Organisation

Restoration project companies (SPVs)*

Carbon+ credits
(Biodiversity, carbon & social impact)

Return

— direct financial flows
- - - indirect financial flows

agenda was co-created through a 'participatory approach', with key figures in the community directly involved in setting the focus and the tone for discussions, which were designed and facilitated to place equal weight on technical evidence and personal experience. This led to a breakthrough in trust and understanding between stakeholders, who coalesced around the key theme of **resilience**. Participants noted that the emotional and cultural dimensions of land stewardship were just as important as scientific data in motivating action and sustaining commitment over generations. This represented a shift in emphasis which participants wished to see reflected in a renewed vision, with a stronger local community voice.

In 2024, the partnership formally revised the Flow Country Landscape Vision to reflect this shared framing. **The updated vision described a revitalised, sustainably managed landscape, where extensive sweeps of hill and bog are interwoven with fertile straths and woodlands, and where ecological recovery supports resilient livelihoods and thriving communities.**



Stakeholders on Armadale Farm, October 2023. ©Lucy Garrett

"It's the right thing to do for the land and I can see that ."

- Joyce Campbell, Armadale Farm



Element 4

TAKING ACTION

As the vision and action plan took shape, it became clear that informal coordination would no longer be sufficient to deliver at scale. In response, the partnership moved to formalise its governance and legal status (see E1 Landscape Partnership, p. 9).

In 2022 the Flow Country Partnership received pro-bono advice from a local, independent commercial law firm (Harper MacLeod LLP) to understand which form of constitutional and governance model would best suit its needs and allow it to carry out its aims. Charitable, hybrid social enterprise (Community Interest Company) and commercial (Limited company) models were considered, and the legal, tax and business implications were weighed up by the Partnership. Individuals who would need to take on director or trustee roles in the new entity also considered their potential personal legal duties. Once partners had agreed on the best fit, they embarked on the administrative path of applying and becoming incorporated as a Scottish Charitable Incorporated Organisation, overseen by a set of appointed Trustees. The SCIO became fully operational in 2024.

The Flow Country Partnership: Institutional Structure

The Flow Country Partnership is a Scottish Charitable Incorporated Organisation (SCIO) established to coordinate landscape-scale peatland restoration across Scotland's Flow Country while delivering community and biodiversity benefits. It serves as the central entity linking conservation, finance, and local development under a unified landscape vision.

Structure and Governance

The partnership operates through a two-tier structure:

- The **SCIO** functions as the charitable parent body, responsible for strategic programs, community benefit projects, and managing the World Heritage Site. It is governed by a Board of Charity Trustees drawn from key institutions such as NatureScot, RSPB Scotland, the University of the Highlands and Islands, and Highlands and Islands Enterprise.

- A wholly owned subsidiary company, **Flow Country Restoration Ltd (SubCo)**, acts as the commercial arm, developing and financing peatland restoration projects, managing carbon sales, and channeling profits back to the SCIO for community benefit.

This structure provides legal separation between charitable and commercial functions, limiting liability while enabling the SCIO to reinvest earnings from restoration projects into local economic and social initiatives.

SCIO Mandate and Functions

The SCIO's mandate is to promote environmental protection, education, and community development through sustainable land management. Its core functions include:

- Managing regional programs such as the Caithness and Sutherland Peatlands strategy and the World Heritage Site .
- Supporting and coordinating peatland restoration projects led by the SubCo.
- Ensuring equitable benefit-sharing with local communities through reinvestment in social and environmental projects.

The agreed model would see the SCIO act as the parent body to a wholly owned subsidiary, **Flow Country Restoration Ltd**, which was created as the commercial delivery arm. This structure was deliberately designed to separate charitable and commercial functions while ensuring that financial returns from the commercial arm could circulate back into the landscape. Revenue streams for the SCIO include the sale of verified peatland carbon credits and service fees for project design and monitoring (via the developer subsidiary), alongside public and philanthropic grants, and emerging ecosystem service payments. By aggregating multiple projects into a coherent portfolio, the partnership aims to reach

sufficient scale to attract private capital while reducing transaction costs and risk.

The underlying logic is simple but powerful: investment enables restoration → restoration delivers verified climate and biodiversity outcomes → revenues generated (notably from carbon) are reinvested locally to support further restoration, community projects, and rural enterprise. In this way, climate finance becomes a means to reinforce ecological recovery and social resilience rather than an end in itself.



As consensus grew around what needed to be done, questions around *how* the blended finance model* would work in practice for land managers became critically important. Particularly so as to demonstrate the impact of peat restoration on both ecological recovery and viable livelihoods. Pilot projects are a critical step in providing proof of concept for landscape scale restoration: a way to test assumptions, demonstrate feasibility, and build confidence across the landscape.

Three landowner pilots were designed to represent the most prevalent land ownership models and land uses in the Flow Country - a large private estate where shooting and fishing takes place, a private sheep farm, and a crofting/common grazings site. Detailed cash flow modelling for each of the three pilot types

*For the Flow Country, this mix of private and public capital meant combining restoration grants with potential carbon income

was undertaken as part of the pilot planning and design, in order to be able to present them with potential revenue scenarios. Among these early pilots, **Armada Farm** emerged as a particularly influential example. It showed how restoration could be led by land managers themselves, grounded in lived experience rather than abstract climate metrics, and how visible change on the ground could shift perceptions far beyond a single holding.

Together, the pilot phase, and in parallel, a business model development process for both the landscape as a whole and the Flow Country Partnership as an organisation, marked a decisive shift for the Flow Country: from planning and alignment toward delivery and scale. They demonstrated not only that restoration could work on the ground, but that it could be organised, financed, and governed in a way that remains locally anchored while engaging national and international finance.

"it feels like a huge relief to have changed what we're doing. People just need to see there's a different way of working."

- Joyce Campbell, Armadale Farm

Right: Local landscape champion, farmer Joyce Campbell.

Below: Aerial view of Armadale Farm, in the Flow Country landscape.
©Armadale Farm



Armadale Farm: Restoring Land, Water and Confidence

Armadale Farm is a 6,000 acre (2,400 ha) traditional, family-run hill farm in the Flow Country where sheep have been grazing for centuries. Joyce Campbell, who owns and farms Armadale, is one of the trailblazers who saw the potential of the Flow Country Green Finance Initiative to transform both her land and the way she farmed. Over the years she had seen the impact of grazing and climate change on the peat-rich soils of her farm - springs disappeared earlier each summer, waders declined and grasslands became more vulnerable to drought. The high-sheep density model no longer felt viable. In 2023 she agreed to be one of the pilot sites developed to demonstrate the Green Finance Initiative's model.

Rationale

The decision to restore peatland came from lived experience, not potential for income from carbon. The bog was sending clear signals: drying surfaces, slowing recovery and a farming system out of balance. Managing risk was a factor too. Joyce became concerned that in future, emissions from degraded peatlands on her farm may lead to some form of carbon tax on her business. Ecological stress, rising business risks and a desire for a more sustainable workload converged, alongside an opportunity to diversify income through nature-positive tourist accommodation. Support from a Peatland Action grant, the Flow Country Partnership and a neighbouring wind farm enabled the shift, but the true driver was restoring land health and long-term resilience.

Intervention

Over two years, Armadale shifted toward regenerative, landscape-aligned management: blocking drains and reprofiling eroded areas, reducing sheep numbers, introducing hardy cattle with virtual fencing (a GPS-based, app-controlled technology that uses collars to create invisible, moveable boundaries without physical fences), easing grazing pressure on fragile zones, coordinating with neighbours on deer management and restoration, and letting birch, rowan and wetland species regenerate where pressure was lifted.

“the results on the ground of the recovery of nature are quite powerful for me.”

- Joyce Campbell, Armadale Farm

Impact

Restoration delivered faster results than expected. During a spring drought, restored sections held water long after unrestored areas dried. Newly created pools supported early wetland life. Waders including lapwing, golden plover and curlew returned, while natural tree seedlings appeared across rested areas. Grass growth improved with longer rest periods, input needs fell and the overall system became more stable. Meanwhile, visitors increasingly valued the farm's ecological transition, strengthening income diversification.

Wellbeing

The shift brought a deep sense of relief and renewed purpose. Joyce described a feeling that both she and the land were “recovering together.” This emotional dimension proved as important as the technical interventions: restoration was not a compliance exercise but a reclaiming of balance, confidence and agency.

Carbon as a co-benefit, not the entry point

In this local context, carbon markets are still a source of some scepticism - they remain politically sensitive and socially divisive. Armadale shows a more grounded reality, when decisions follow land health and long-term resilience. Trust grows from visible recovery, not from abstract carbon accounting.

Lessons for scaling up

Armadale demonstrates that restoration works best when land users respond to ecological signals and feel ownership over the future of their landscape. The experience created a “common language” between farmers and environmental actors, bridging cultural divides and reframing restoration as social and community resilience. Scaling this model requires scaling that sense of collective agency. It requires supporting communities to lead, collaborate, and shape their own pathways to resilient livelihoods.



Golden Eagle on restored peatland ©Armadale Farm

Element 5

IMPACT AND LEARNING

By systematically monitoring environmental, social, and economic impacts, landscape leaders and stakeholders can understand what is working, what is not, and why. Embedding learning into the ongoing landscape management supports adaptive management, allowing strategies to be adjusted in response to new information, changing conditions, and stakeholder feedback, while also building trust, accountability, and shared ownership across the landscape. This ensures the plans and objectives adopted by the Partnership do not become static or obsolete, but remain a dynamic, evidence-based process that can scale success and sustain impact.

The Flow Country Partnership is committed to delivering meaningful, long-term outcomes for peatlands, the community, local cultural heritage and the economy. Learning, communications, and evidence-based decision-making is embedded in various ways:

- Data from pilot restoration projects will feed into and be taken into consideration by Peatland Officers for future projects, and this evidence will be used to design larger interventions and attract investment.
- Learnings from restoration also feed into updates of the **Peatlands of Caithness and Sutherland Management Strategy** (currently in its 2021–2030 iteration). The strategy covers monitoring the effectiveness of interventions such as restoring habitats, the removal of trees and blocking of drains. It also includes monitoring of biodiversity through breeding bird surveys and vegetation surveys. Additionally, the Peatland ACTION Partnership Monitoring Strategy (which supports the wider regional goals) includes priorities to evaluate the overall effect on peatland recovery, strengthen evidence for wider benefits, and update best practices.
- UNESCO World Heritage status is maintained through regular evaluation of the site's management. The World Heritage brand brings wider public awareness of the ecological, social, historical and cultural value of the landscape. Joining other elite global sites like the Great Barrier Reef and the Serengeti helps to build the narrative around its preservation and restoration. The Flow Country's journey to World Heritage inscription inspired works such as "When Fish Begin to Crawl", a 2023 immersive, three-screen film with an orchestral score performed by the Royal Scottish National Orchestra which celebrates the Flow Country's ancient geological history and ecology, and meditates on urgent climate change

themes. The work was presented at the Glasgow Film Festival and connected new audiences to the landscape.

- Strong ties between the Flow Country Partnership and universities, conservation and research organisations encourage knowledge transfer and dissemination of the most up to date peatland science, including events such as the **Flow Country Research Conference**, now in its 9th year.

Meanwhile involvement with networks such as the Peatland Finance Collective (a peer learning community of UK and Republic of Ireland landscapes building their peatland finance programmes) and other Scottish landscapes funded through FIRNS who are also pursuing investment readiness, have helped the Partnership to explore different scaling models and refine their proposition.

- The Flow Country landscape and Partnership have been the recipients of numerous high-profile awards and accolades which help to disseminate understanding of the impacts and lessons emerging from the restoration work to policy-makers, the conservation world and the general public. These include the **Nature and Climate Action Award** (2024) awarded by RSPB Scotland, the RTPI Awards for Planning Excellence **Best Plan** award (2025) won for the quality of the UNESCO World Heritage nomination dossier and strategy; and the **Scottish Knowledge Exchange Awards** (2024) which recognised the Flow Country's collaborative research and efforts. In addition to giving a sense of pride and achievement to local stakeholders, these awards, alongside the World Heritage status, help to bring visibility and attract private sector partners keen to align themselves with high quality nature projects.

"when we're having serious discussions, the World Heritage status has given a greater depth and to those discussions. The investors that we are talking to are absolutely driven by the fact that they get that charismatic carbon but it's also more high integrity, because of the location of the restoration site. "

- Graham Neville, Flow Country Partnership

LESSONS LEARNED

The process of structuring the Flow Country landscape programme have highlighted key lessons:

Carbon finance: opportunities, limits, and bottlenecks

Peatland carbon offers long-term potential, and we're beginning to see encouraging developments including the Scottish Government exploring the introduction of a price floor guarantee for peatland carbon credits (Peatland Carbon Units) as part of a blended finance approach to encourage private investment in restoration. So far however, carbon finance is not yet a reliable engine for landscape-scale investment. Restoration remains expensive, particularly for small farmers - monitoring, reporting and verification (MRV) costs are substantial, demand is still uncertain, and carbon prices remain low and unstable. Data from the IUCN UK Peatland Code shows that a very small percentage of projects have sold verified carbon credits (Peatland Carbon Units), reflecting weak demand and limited market maturity (as compared to woodland carbon for example).

In addition, dominant corporate climate frameworks - most notably the Science Based Targets initiative (SBTi), do not currently recognise peatland restoration as a qualifying carbon removal activity, despite strong evidence that restored peatlands rapidly reduce emissions and can become net carbon sinks within a few years. This misalignment impacts corporate demand even for high-integrity, nationally regulated projects, placing continued pressure on public and philanthropic actors to fund restoration.

The Flow Country demonstrates that unlocking investment requires more than project-level readiness. It requires a strong enabling environment: predictable public funding, strong climate frameworks alignment, a landscape partnership with a transparent and credible institutional structure, and targeted engagement with domestic buyers willing to move ahead of formal standards.

Strategic outreach and communication are essential to position the Flow Country as a high-integrity, place-based restoration offer, while strong leadership from government and standards bodies will be critical to encourage initial investor participation.

Resilience as the entry point

Across pilots and consultations, the most powerful driver of change was not the prospect of large scale carbon finance but lived experience and a desire for social and environmental resilience. Many farmers and

crofters responded to ecological signals (drying bogs, declining birdlife, hydrological stress) before any financial model entered the conversation. Restoration was embraced where it aligned with local identity, land health, and practical risk reduction: easing grazing pressure, improving water retention, reducing workload, and stabilizing farm systems.

Through the workshops, the landscape vision shifted from a technical carbon narrative to a shared understanding of community and land resilience. This created a common language between environmental actors and land managers, lowering tensions and building trust. The theory of change did not drastically change, but the emotional and cultural dimensions of stewardship proved to be the critical catalysts of collective action, just as important as the technical and financial analysis. This highlighted that carbon should not be presented as the primary motivator or objective, but a secondary incentive and a tool for scaling up and replication.

Ecosystem Services as an additional path to scale

The Flow Country case highlights the limits of relying solely on carbon as the primary revenue stream for peatland restoration and points to the importance of diversifying toward a broader ecosystem services approach. While carbon can play an enabling role, it remains constrained by market immaturity and social sensitivity. Broadening the value proposition helps reduce reliance on any single mechanism and better reflect the full range of benefits that peatland restoration provides.

Within this broader framing, water regulation and drought resilience have emerged as particularly promising. Restored peatlands play a critical role in retaining water during dry periods, stabilising catchments, and reducing hydrological stress downstream. These services offer clear, place-based value for local and regional actors, most notably distilleries and beverage companies whose operations depend on reliable water quantity and quality and whose brands are closely tied to local landscapes. Framed as investments in risk reduction and long-term resilience rather than as offsets, water-related ecosystem services are more readily understood and accepted by both communities and potential buyers.

Biodiversity uplift remains a core outcome of restoration and a defining feature of the Flow Country's value proposition, reinforced by its World Heritage status. However, biodiversity markets remain at an early stage of development, with high transaction costs and fragmented demand. In the near term, biodiversity is therefore best positioned as a critical co-benefit that strengthens integrity, credibility, and long-term differentiation, rather than as a standalone

financing mechanism.

Together, these insights point toward a financing model that treats peatland restoration as nature infrastructure, delivering multiple public and private benefits beyond carbon alone. Diversifying revenue across carbon, water-related ecosystem services, and biodiversity outcomes can strengthen social legitimacy, improve financial resilience, and support long-term stewardship at the landscape scale.

Governance, commitment, and the power of partnership

The Flow Country initiative advanced most decisively once institutional structures began to match the scale of ambition. The establishment of the SCIO and its commercial subsidiary provided a clear institutional anchor and increased accountability, giving potential investors greater confidence while safeguarding community benefit.

Attempts to push financing conversations ahead of vision, governance, and capacity risked fragmentation and loss of trust. Progress accelerated when the partnership consciously took steps to align ambition with available skills and resources.

Workshops and pilots also demonstrated that coordinated governance and relationship-building

are far more effective than standalone technical studies. Engagement rooted in the landscape, e.g. walking peatlands, sharing stories, seeing restoration outcomes, built alignment faster than virtual processes alone. Systematic incubation through the landscape approach - combining evidence, piloting, governance design, detailed planning and continuous community engagement - enabled the Flow Country to move from a loose coalition to a structured, investment-ready initiative.

Capacity is key

The Flow Country Partnership's experience underscores that solid governance structures alone are not enough without adequate delivery capacity. Early in the process, limited internal finance expertise constrained how far and how fast the partnership could credibly engage with markets.

On the ground, it became clear that the role of the peatland officer was instrumental - an individual dedicated to engaging face to face with landowners, crofters and farmers, to source, design and onboard new projects. Limited funding for these positions remains a bottleneck not just in the Flow Country but across landscapes: while strategic ambitions and governance frameworks may be well defined, a lack of field-level capacity often results in a much slower development of pilots and of a robust project pipeline.



CONCLUSION

A new business model for peatland restoration

Public funding through Peatland ACTION and other grants has supported ground work on several restoration sites, demonstrating technical feasibility, providing critical insight on actual restoration costs, and demonstrating the ecological benefits of peat restoration – notably on hydrological cycle restoration. However, high per-hectare costs, uncertain revenue streams, long payback periods, and lack of visibility on monitoring requirements remain key obstacles to unlocking restoration finance. The Flow Country Green Finance Initiative is attempting to blend public and private finance (including leveraging the Peatland Code for carbon credits) to scale restoration.

The rationale of the Business plan proposed by the Flow Country Partnership consists in developing the institutional and governance infrastructure necessary to aggregate individual land plots into a pipeline of investable restoration projects to reach economies of scale and reduce capital costs, to unlock blended finance and facilitate outreach to potential carbon off-takers.

Progress

The Flow Country has gone through the landscape structuring phase and has delivered important milestones, notably by establishing a formal governance structure (SCIO & SubCo), developing pilot projects, and securing grant finance to support its vision and action plan. In order to scale up, the Flow Country Partnership now needs to secure additional public and private finance and to demonstrate the viability of its business model for land owners, and capitalise on the potential of carbon finance at scale.

Priorities moving forward

The Flow Country's journey illustrates how large, complex landscapes can move from a shared concern to coordinated action when ecological ambition is matched by social legitimacy, institutional innovation, and patient capacity-building. What began as a loose partnership responding to visible land degradation has evolved into a structured landscape initiative with a clear vision, tested delivery models, and an emerging business framework capable of supporting restoration at scale.

With governance now formalised through the establishment of the SCIO and its commercial subsidiary, the immediate priority is to **operationalise this structure and translate it into day-to-day**

delivery. This includes **building a robust and investable pipeline of restoration projects**, designed to deliver credible carbon outcomes and broader social impact and biodiversity recovery. Strengthening this pipeline is essential to attracting commercial and institutional finance and demonstrating that landscape-scale restoration can offer both integrity and scale.

Equally important is **continued investment in people and local businesses.** Supporting community enterprises, skills development, and local delivery capacity will ensure that restoration generates durable economic benefits and remains rooted in local stewardship. Transparent and trusted revenue-sharing arrangements will be critical to maintaining confidence among land managers and communities, and to reinforcing the principle that value generated from the landscape should circulate within it.

Looking ahead, closer alignment with government policy and **fiscal incentives** will be needed to reduce barriers, de-risk early investment, and recognise peatland restoration as essential nature infrastructure. At the same time, **sustained outreach to corporate off-takers and long-term investors will be required to build demand** for high-integrity, UK-based restoration portfolios and to move from pilot transactions to durable market engagement.

Together, these next steps mark the transition from incubation to implementation at scale. By combining strong governance, locally grounded delivery, and blended finance, the Flow Country is well positioned to demonstrate how landscape restoration can support climate goals while strengthening rural resilience. Its experience offers a replicable pathway for other landscapes seeking to turn shared vision into long-term, investable action.

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FURTHER READING

Flow Country Partnership

www.theflowcountry.org.uk

Flow Country UNESCO World Heritage listing

<https://whc.unesco.org/en/list/1722/>

Peatland ACTION

www.nature.scot/climate-change/nature-based-solutions/nature-based-solutions-practice/peatland-action

Peatland Code

www.iucn-uk-peatlandprogramme.org/peatland-code

Armadale Farm

www.armadalefarm.co.uk