

## 50 projects receive up to £100,000 each to boost investment in nature

Innovative projects to restore and rewet peatlands, create green urban spaces and improve flood resilience are among 50 schemes to benefit from the final round of a pioneering fund to drive private investment in nature and tackle climate change.

The second round of the Natural Environment Investment Readiness Fund (NEIRF), announced today by Defra and the Environment Agency, will provide grants of up to £100,000 to environmental groups, local authorities, businesses and other organisations to help them develop nature projects to a point where they can attract private investment.

The funding will help to develop projects so they can demonstrate a return on that investment by capturing the value of carbon, water quality, biodiversity and other benefits provided by natural assets such as woodlands, peatlands and rivers – with revenue generated through the sale of carbon storage, improvements in biodiversity, natural flood management benefits and reduced water treatment costs.

Examples of projects receiving funding in round two include:

- Rewetting lowland peat near Doncaster to grow plant fibre material to use as padding for clothes. This project will attract investors by showing how revenue can be generated from the sale of biodiversity credits and carbon units, as a means of compensating for biodiversity loss and carbon emissions, as well as through the creation of sustainable textiles.
- Habitat enhancement, such as tree planting, brownfield land regeneration and nature recovery, to address ecological and environmental degradation in the Liverpool City Region with revenue generated through selling biodiversity units to housing developers that need to compensate and provide a net gain for any biodiversity loss resulting from the development.
- Exploring the potential for new natural surface water drainage schemes in Plymouth to unlock development by reducing flood risk, improving water management and climate resilience, aiming to attract investment from beneficiaries such as water companies and developers.
- Developing a pilot seagrass carbon code to attract investment in seagrass beds as a carbon sink and biodiversity-rich habitat to facilitate agreements for the sale of carbon units.
- Transforming the Great Fen in Cambridgeshire by restoring peatlands and generating carbon income through the Peatland Code – used to assess the amount of carbon stored by different activities.

Projects from the [first round of funding](#) announced in July 2021 are making good progress, setting up governance such as community interest companies to manage income and revenue, and creating models for generating and selling

carbon, biodiversity and water quality benefits.

These new projects will build on the success of the fund so far. One of the four NEIRF pilot schemes, the Wyre Natural Flood Management project, has secured investment and will now deliver work to reduce flood risk to downstream communities – generating income through the sale of these services.

Over several years, interventions in the Wyre catchment will include wetland creation and temporarily storing water by putting in place leaky barriers, sloped embankments and hedgerows alongside peatland restoration and river restoration. Other measures include slowing overland water flow through changes in grassland management, and tree planting to allow water to seep into the ground.

It is the first project to use a new green investment financial model, which will see the upfront investment repaid through contracts with organisations that benefit from these improvements, including water and insurance companies.

Lord Benyon, Minister for Green Finance, said:

Given the scale of the environmental challenges we face, including climate change and biodiversity loss, it is crucial all parts of society play a part and we attract finance from diverse sources to help support this work.

The government's 25 Year Environment Plan was clear that whilst the public sector will continue to be an important source of funding, it is critical that there is more private sector investment to protect and enhance our domestic natural environment.

Today's announcement means we are now funding nearly 80 projects across England at the cutting edge of this ambition, creating a pipeline of projects that can be scaled and replicated elsewhere to attract more money to protect and restore the environment.

Emma Howard Boyd CBE, Chair of the Environment Agency and interim Chair of the Green Finance Institute, said:

The finance community is increasingly aware that investors want to understand how their savings deliver good outcomes on the ground. What we learn from these projects will help the private sector invest in activities that deliver both environmental improvements and generate returns.

By showing what works we can attract a wider pool of investors to fund work on a much larger scale that helps protect people from climate impacts and restores nature. Given the current acceleration of climate risks to the global economy, we need this to happen at

pace.

Working on behalf of Defra, the Environment Agency is working closely with the Green Finance Institute and Ecosystems Knowledge Network to make the knowledge generated by these projects available publicly to encourage similar approaches to access private sector finance for nature projects in the future. The government has set an ambitious target to stimulate at least £500m of private investment per year by 2027 to support nature recovery – rising to at least £1bn per year by 2030.

Among the 29 schemes already benefitting from the first round of funding are projects creating new woodland, delivering natural flood risk management, and improving water quality. Successes so far include:

- Norfolk Wildlife Trust's Wendling Beck Exemplar Project is about to sell its first credits to fund the transformation of farmland through river restoration, grassland and wetland creation to offset impacts elsewhere.
- The National Trust is investigating potential revenues from natural flood risk management interventions in the Calder and Colne, including through the sale of carbon and biodiversity units.
- North York Moors National Park has calculated the natural capital value of the Esk Valley and individual holdings of the Esk Valley Farmers Group and is now investigating potential buyers in the region to refine what transactions would be possible by summer 2022. These could include flood, carbon, and water quality benefits which buyers may want to pay for.
- Kent Wildlife Trust's Wilder Carbon Standard project is working towards its own carbon standard and legal agreements, including due diligence requirements, to allow them to start selling carbon units.

Tony Juniper, Chair of Natural England, said:

The development of these kinds of projects will be a vital part of how we deliver the ambitious Nature Recovery Network that is at the heart of Natural England and the government's plans and I am glad to see the Natural Environment Investment Readiness Fund showing how it can be done.

By investing in nature we can not only tackle climate change and create, protect and restore important habitats – but also improve the health and wellbeing of society by connecting people with the natural environment.

Dr Rhian-Mari Thomas, CEO of the Green Finance Institute, said:

The Natural Environment Investment Readiness Fund has been revolutionary in bringing us closer to attracting large sums of private investment into nature recovery, which is urgently needed.

The Green Finance Institute is delighted to support this pioneering community of over 75 project developers as they create and test investable, high-integrity solutions across England that will help to channel private capital towards nature by demonstrating a return on investment.

The fund will help deliver on commitments in the government's [25 Year Environment Plan](#) and [Green Finance Strategy](#), as well as supporting the Prime Minister's [10 Point Plan for a Green Industrial Revolution](#) and the [Net Zero Strategy](#).

Further information:

- Biodiversity units can be bought by developers when onsite provision of habitat cannot deliver the biodiversity net gain required.
- Carbon units can be purchased by businesses to voluntarily offset any residual carbon emissions resulting from their operations or supply chains.
- Independent evaluator Ecorys was commissioned to carry out an in-depth study to assess the extent that the NEIRF-funded enabled projects have secured private sector investment and created markets for natural capital across the three-year programme. Their first annual report found that round one projects considered NEIRF funding essential in helping them design and deliver financial cases for nature recovery.
- Esmée Fairbairn Foundation provided financial support and advice to the Wyre NFM project, and have played a key role in supporting the Green Finance Institute and Ecosystems Knowledge Network to accelerate nature-based finance in the UK, including on the Natural Environment Investment Readiness Fund.
- The Environment Agency runs a [NEIRF SharePoint](#) website which provides additional learning resources about the fund. Access can be provided by emailing [NEIRF@environment-agency.gov.uk](mailto:NEIRF@environment-agency.gov.uk).

A selection of the successful projects benefiting from the second round of the Natural Environment Investment Readiness Fund are below:

**Project: Developing a scalable blended agri-carbon model for lowland peat restoration**

Applicant: SaltyCo

Funding: £100,000

Details: Rewetting lowland peat to grow plant fibre material to use as padding for clothes and to reduce greenhouse gas emissions from the peat. Sell the resulting carbon credits and also explore the market potential for water use savings, water quality improvements, Biodiversity Net Gain credits and the potential to reduce flood risk.

**Project: Investing in Nature Recovery for the Liverpool City Region**

Applicant: Liverpool City Region Combined Authority

Funding: £99,851

Details: Developing a nature-based investment model based on urban and brownfield sites in the Liverpool City Region. The model will be based on Biodiversity Net Gain credits for developers but will also look at other sources of revenue such as carbon credits and a credit system to address recreational pressure to designated sites.

**Project: Financing city centre multi-benefit surface water drainage solutions for a changing climate**

Applicant: Plymouth City Council

Funding: £99,600

Details: Mapping the potential for new surface water drainage in Plymouth to improve water quality and reduce flood risk. The project will quantify costs and benefits and write a business case and to test a 'pay by results' investment case with interested investors and buyers.

**Project: Developing the business case and a pilot transaction for seagrass restoration**

Applicant: Plymouth City Council

Funding: £95,585

Details: Develop a pilot Seagrass Carbon Code to attract investment in seagrass beds as a biodiversity-rich carbon storing habitat. Sediment sampling will be carried out to map the carbon sequestration potential and an investment case developed to allow seagrass carbon credits to be sold on the market.

**Project: Transforming the Great Fen through carbon income**

Applicant: The Wildlife Trust for Bedfordshire, Cambridgeshire and Northamptonshire

Funding: £99,836

Details: Rewetting lowland peat on 134ha of newly acquired land as part of the 3700ha Great Fen project area. Developing a business case and investment proposal and secure buyer commitments for the peat carbon credits created by the rewetting. Also providing a demonstration area for the revised IUCN Peatland Carbon Code.

**Project: Replenishing Nature: making it easier for business to invest in water**

Applicant: The Rivers Trust

Funding: £87,482

Details: Developing a standard approach to measuring water management

benefits to allow businesses to invest with confidence. Measure water quality improvements in five English rivers to increase the trade in water quality credits.

**Project: Building capacity and delivering a scaleable investment model for peatland restoration**

Applicant: The Raby Estate

Funding: £93,300

Details: Restoring degraded peat and selling the greenhouse gas emissions savings using innovative technology to calculate the emissions savings and to create a new approach to carbon trading.

**Project: Developing a National Urban Nature Fund (NUNF) for investment in urban green spaces**

Applicant: National Trust

Funding: £99,750

Details: Developing a business case for the NUNF to develop up to 20,500 hectares of new and improved habitat. The new habitat will create habitat banks around England which will be used to meet developers' Biodiversity Net Gain habitat creation needs.

**Project: South Tyne Sediments: Evidence-led, nature based solutions to tackle pollution**

Applicant: Tyne Rivers Trust

Funding: £99,933

Details: Identifying the sources of heavy-metal contaminated silt in the River South Tyne. Developing nature-based solutions to reduce the amount of contaminated silt. Writing an investment case for interested parties that will benefit from reduced pollution. Considering other sources of revenue such as woodland carbon sequestration and reduced greenhouse gas emissions from peatland restoration.

**Project: Development of a stacking and bundling approach to enable investment into ecosystem services at scale**

Applicant: Anglian Water

Funding: £94,825

Details: Create an approach to stacking and bundling revenue from environmental services for use by other landowners based on modelling on the Sandringham Estate. This approach should attract corporate buyers looking at environmental services beyond Biodiversity Net Gain credits, such as water quality improvements.

**Project: Community Investment and Cooperation for Ecological Regeneration in Lancashire**

Applicant: Ribble Rivers Trust

Funding: £100,000

Details: Deliver an investment plan for improved environmental services in the River Ribble catchment. Actions including soil nutrient management, building leaky dams and woodland creation and hedgerow restoration will all be costed. Benefits such as natural flood management and water quality improvements will be quantified.

**Project: Development of an Agroforestry Carbon Code**

Applicant: Soil Association

Funding: £99,708

Details: Establish a Carbon Code for agroforestry systems. Establish the potential for the Code and how it may integrate with existing Codes (Woodland Code) or those in development (Farm Soil Carbon Code). Test the Agroforestry Code with buyers and sellers on 5 pilot projects.

**Project: Greater Manchester Biodiversity Net Gain Investment Facility**

Applicant: Lancashire Wildlife Trust

Funding: £99,876

Details: Build a habitat bank facility for Biodiversity Net Gain delivery in the Greater Manchester area based on nine sites. Create a one stop shop for investors, buyers and sellers of BNG units, providing verification, site registration and fund management.

**Project: A scalable protocol to measure, unitise and trade carbon for terrestrial rewilding and nature recovery projects**

Applicant: The Knepp Estate

Funding: £99,618

Details: Use carbon capture data from the rewilding of the Knepp Estate to inform the development of a novel approach to carbon storage accounting. Use this new approach to create a business case for a new 617ha rewilding project in Lincolnshire. Use the new carbon-capture data to make existing Carbon Codes more attractive to landowners.

**Project: Developing Scalable Models for Biodiversity Offsets and funding Urban Green Space**

Applicant: Plymouth City Council

Funding: £98,225

Details: Develop a scaleable and replicable model to generate Biodiversity Net Gain credits in urban and peri-urban areas. Funding for one site will be raised using the Habitat Banking Vehicle, already developed with Future Parks Accelerator funding.

**Project: Rethinking Farmed Peatlands**

Applicant: The Lapwing Estate Limited

Funding: £94,893

Details: Grow wet woodland on rewetted lowland peat to create fuel for indoor food production. Alternative revenue streams such as carbon, Biodiversity Net Gain and water quality management will also be modelled. Adding biochar to the rewetted peat for extra carbon sequestration and the resulting increased revenue will be explored.

**Project: A financial and delivery vehicle for catchment resilience in the Beult and beyond**

Applicant: South East Rivers Trust

Funding: £99,511

Details: Establish a vehicle for nature based solutions in the River Beult catchment and to extend it to the Stour, Arun and Western Rother catchments. Water resource resilience, biodiversity and carbon revenue potential will also be modelled.

**Project: Blue Carbon and the Natural Capital Marketplace**

Applicant: Biosphere Foundation CIC

Funding: £99,750

Details: Deliver saltmarsh restoration using finance raised from carbon credit sales. Water quality improvements, improved flood risk management and Site of Special Scientific Interest improvements will also be modelled.

**Project: Building a blueprint for scaling conservation finance for urban river restoration.**

Applicant: The Zoological Society of London

Funding: £100,000

Details: Develop a business case for river restoration at a catchment scale in urban areas. Biodiversity units for sale and reduced water treatment costs will result. Flood risk management benefits will be modelled.

**Project: Northern England Biobanking Aggregator: Blueprint for the private sector**

Applicant: Peel L&P Group Management Limited



Funding: £100,000

Details: Create a biobanking aggregation vehicle for the Speke and Garston Coastal Reserve. Develop an aggregation vehicle for the Peel Estate combining biodiversity, carbon and water quality revenue.

**Project: Proving Farmer led natural capital investment using retail finance**

Applicant: North East Cotswold Farmer Cluster CIC

Funding: £98,521

Details: A new approach to allow investment by farmers in natural capital projects. Brings together 100 farmers to allow biodiversity, carbon water quality and flood risk management improvements to be delivered. Will help make 10 projects market-ready.

**Project: Green Finance for Islington Pocket Park Framework**

Applicant: Islington Council

Funding: £100,000

Details: Deliver urban greening and pocket woodland creation by converting stub roads to pocket parks. Selling Urban Green Tokens will provide returns for investors.

**Project: Decarbonisation through accelerating nature restoration**

Applicant: The National Trust

Funding: £100,000

Details: Accelerate the National Trust's Net Zero ambitions by increasing woodland planting and peatland restoration. Credits will be sold to customers and will also be invested in decarbonisation on the National Trust estate.

**Project: Freshwater Biodiversity Investment Model and UK Freshwater Biodiversity Code**

Applicant: Bristol Avon Rivers Trust

Funding: £92,460

Details: Create a UK Freshwater Biodiversity Code for use in the Biodiversity Net Gain market. Also consider suitability for the water quality, carbon and flood risk management markets. Based on 5 sites on the River Chew and Newton Brook supporting 21km of river improvements for salmon, trout and coarse fish.

**Project: Establishing commercial governance & future trades for the Eden catchment market**

Applicant: The Rivers Trust

Funding: £96,838

Details: Create a governance structure to scale up investment in the catchment. Financial modelling, business planning and contracts will be developed. Improvements will be to nutrient pollution and biodiversity and climate resilience will be boosted.

**Project: Lancashire Climate Resilience Insetting Mechanism**

Applicant: Lancashire County Council

Funding: £71,180

Details: Create an alternative approach to carbon accounting using Authority-Based Insetting (ABI). Progress 5 new projects to the ABI-validated stage.

**Project: Blue Natural Capital Project**

Applicant: Cornwall Council

Funding: £99,885 Details: Inform the development of a Blue Natural Capital Bank. Based on carbon sequestration potential and other ecosystem services in the Fal & Helford Bay and Estuaries and Mounts Bay.

**Project: Creating a blueprint for private investment in new lowland rewilding sites**

Applicant: Heal Rewilding CIO

Funding: £100,000

Details: Creating a new blueprint for investing in rewilding sites. Based on a 187ha site, develop a business case, an investment prospectus and secure buyers for the Biodiversity Net Gain and carbon credits.

**Project: The River Bank**

Applicant: Tees Rivers Charitable Trust

Funding: £98,795

Details: Engaging landowners and developers to refine the approach to Biodiversity Net Gain. Aim to produce a one-stop-shop for Biodiversity Net Gain trading with robust legal and governance structures.

**Project: Lincolnshire's Chalk Streams Ready for Investment**

Applicant: Lincolnshire County Council

Funding: £48,738

Details: Build a business case, an investment toolkit and legal documents to allow Biodiversity Net Gain trading based on improvements to chalk streams. Develop one shovel-ready project ready for testing the approach.

**Project: Tidal Thames Natural Habitat Bank and Market**

Applicant: Port of London Authority

Funding: £85,000

Details: Create a habitat bank of intertidal and river habitats with an enhancement plan including costed river and intertidal Biodiversity Net Gain Units for the Port of London Authority-administered area.

**Project: Essex Net Zero Innovation Futures**

Applicant: Essex County Council

Funding: £98,495

Details: Understand the value of the environmental services across 30,000 ha of Essex. Generate the business case for Biodiversity Net Gain, carbon sequestration and flood risk management based on 4 pilot projects.

**Project: Hill, Stone and Wood: Generating funds for Natural Flood Management**

Applicant: Hill, Stone and Wood

Funding: £97,740

Details: Create a new home insurance product that directs profit towards projects that will reduce local flood risk, using the Rivers Ouse and Adur as a pilot. Create an Impact Monitoring Tool that will spread the approach through the insurance industry.

**Project: Restoring Burns in Newcastle Upon Tyne**

Applicant: Urban Green Newcastle

Funding: £95,340

Details: Monetise environmental benefits from restoring Newcastle's urban waterways using Reigh Burn as a pilot site. Map the value of the river assets, understand the benefits to regulators and businesses. Prepare the investment opportunities for market.

**Project: 8 Hills – Stacking Access and Ecosystem Services on the Urban Fringe**

Applicant: National Trust

Funding: £100,000

Details: Build a new model of a regional park based on the 8 Hills Park through new investment streams. Work with landowners to build attractive investment proposals that can be replicated in other urban areas. Write a financial model and draw up the legal framework to make it work.

**Project: Creating a London River Bank and Investment model for Environmental and Social gains**

Applicant: Thames21

Funding: £100,000

Details: Understand the market for river-based Biodiversity Net Gain units and water availability and quality improvements across London. Deliver a searchable habitat bank and brokerage for sellers and buyers.

**Project: Developing Landowner Natural Capital Investment Plans for Nature Restoration**

Applicant: Surrey Wildlife Trust

Funding: £100,000

Details: Work with 6 pilots to develop landowner-led natural capital investment projects. Build Biodiversity Net Gain and carbon sequestration market capacity in Surrey.

**Project: University and College Land for Carbon**

Applicant: Environmental Association for Universities and Colleges

Funding: £99,986.96

Details: Create Woodland Carbon Code-verified opportunities for universities to deliver their Net Zero aims based on university-owned land. A business case will be written and the learning made available to the university sector.

**Project: Nature Friendly Farming Transition Fund**

Applicant: The National Trust

Funding: £100,000

Details: Write a business case to transition the National Trust's tenant farmers towards more nature-friendly farming by generating revenue from carbon and Biodiversity Net Gain payments.

**Project: Environmental Offsetting Delivery Strategy to Deliver Hart's 2040 Vision**

Applicant: Hart District Council

Funding: £100,000

Details: Create an Environmental Offsetting Strategy to include a self-funding model for environmental services in the district. Biodiversity Net Gain and carbon opportunities will be explored, and the Corporate Social Responsibility market also considered.

**Project: Connecting Natural Capital for the Culm**

Applicant: Devon County Council

Funding: £72,950

Details: Considering Nature Based Solutions at a catchment scale based on the River Culm. Flood risk management for critical national infrastructure and Biodiversity Net Gain for the Culm Garden Village development will be part of the investment plans for local landowners.

**Project: Windermere Catchment Environmental Impact Bond**

Applicant: Lake District Foundation

Funding: £72,681

Details: Improving Windermere's water quality and habitats by tackling water pollution in the catchment. A novel approach looking at blending Biodiversity Net Gain, natural flood management and ELM payments with opt-in visitor levy and Corporate Social Responsibility revenue.

**Project: Establishing a biodiversity net gain market in South Yorkshire and beyond**

Applicant: Sheffield and Rotherham Wildlife Trust

Funding: £91,953

Details: Create a pipeline of Biodiversity Net Gain credits from a Sheffield Wildlife Trust-owned woodland site. Explore how environmental services in the wider area can be brought together and valued and verified.

**Project: Living with Water SuDS**

Applicant: Yorkshire Water

Funding: £73,125

Details: Manage flood risk in Kingston-upon-Hull by combining Biodiversity Net Gain and Sustainable Drainage delivery in combined projects.

**Project: Farming for Carbon & Nature**

Applicant: Students Organising for Sustainability UK

Funding: £86,427

Details: Investigate environmental services from university-owned land with pilots on 4 university-owned farms. Build financial models and understand governance models to allow delivery of Biodiversity Net Gain, carbon sequestration and deliver more nutrient-dense food.

**Project: Natural Burial Grounds Feasibility Study – Growing for Nature**

Applicant: Caring for God's Acre

Funding: £11,850

Details: Building an investment model for nature burial grounds in the Shropshire Hills AONB. Use an exemplar burial site to develop a replicable model for others.

**Project: Carbon Sequestration in Well Managed Woodlands**

Applicant: Small Woods Association

Funding: £100,000

Details: Grow environmental services delivery among small woodland owners. Develop a Forestry Stewardship Council Ecosystem Services standard so Corporate Social Responsibility buyers can look to buy environmental credits with confidence.

**Project: Revitalising our Estuaries: Investment Model for Estuary Restoration**

Applicant: Groundwork North East and Cumbria

Funding: £99,716

Details: Develop a method to value Biodiversity Net Gain, carbon sequestration and water quality benefits in heavily urbanised and modified north-east estuaries.

**Project: Evaluating the Investibility of Continuous Cover Forestry and Payment for Ecosystem Services in England**

Applicant: SLM Partners Ltd

Funding: £100,000

Details: Create five business models based on Continuous Cover Forestry approaches. Carbon, water quality and Biodiversity Net Gain revenue potential will be explored.

**Project: Authority Based Insetting (ABI): Legal and Transactional Design**

Applicant: Anthesis (UK) Limited

Funding: £49,500

Details: Designing templates and building resources to grow the Authority Based Insetting approach. Build a registry for trading, legal templates and governance structures for sellers and buyers to use for carbon trading.