

Fund to drive private sector investment in nature opens for second round

Organisations seeking investment for nature projects to tackle climate change, create and restore habitats, or improve water quality are being urged to apply for the second and final round of the [Natural Environment Investment Readiness Fund](#).

The fund of up to £10 million will provide grants of up to £100,000 to environmental groups, local authorities, businesses and other organisations to help them develop nature projects in England to a point where they can attract private investment.

Funding will be invested in a broad range of projects that will deliver environmental benefits while also demonstrating a wide range of innovative approaches to generating revenues from the wide range of benefits that nature provides.

Projects will be designed to provide a return on investment by capturing the value of the carbon, water quality, biodiversity and other benefits provided by natural assets such as woodlands, peatlands, catchments and landscapes.

This will create a pipeline of projects for the private sector to invest in, demonstrating the UK's leadership and action in scaling up finance for nature and climate during COP26. The opening of the application window comes after the Chancellor set out the UK's plans to [become the world's first net zero aligned financial centre](#), welcoming commitments from private companies covering \$130 trillion of financial assets that will create a huge pool of cash that could fund our net zero transition.

Environment Minister Lord Benyon said:

As nations come together at COP26 to make important commitments to protect and enhance our natural environment, it is vital that we drive greater levels of private sector investment, alongside continued public sector funding, if we are to successfully tackle the climate and biodiversity crises.

The fund has already provided support to 29 projects working to create new woodlands and wetlands and restore peatlands, with the second round of funding providing more opportunities for organisations to get support to attract private sector investment in their projects.

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

The climate and nature emergencies are entwined, protecting and enhancing the domestic natural environment will help protect investments from climate disruption and deliver steady long-term returns.

The Natural Environment Investment Readiness Fund is already showing how different revenue models stimulate investment. We need major investors to recreate these at pace and on a much larger scale. COP26 has focused attention on preparing for climate shocks using nature-based solutions. Alongside public sector investment, the private sector must be encouraged and supported to find the opportunity in protecting nature and managing climate change.

Among the 29 schemes benefitting from the first round of funding are projects to restore kelp forests, create new woodland, deliver natural flood risk management, and improve water quality. They include:

- Crystal Clear Clyst Bond, an East Devon District Council scheme seeking to convert farmland to woodland in an area experiencing a growth in development, via an Environmental Impact Bond;
- Swinton Estate in North Yorkshire, working to develop a new business model for multi-functional forestry to realise wider benefits from carbon sequestration, biodiversity credits, recreation, and water quality
- Lancashire Wildlife Trust's scheme to raise investment to restore peatland through the Greater Manchester Environment Fund by modelling revenues from the sale of carbon and biodiversity credits through woodland creation and increasing biodiversity; and
- Surrey Wildlife Trust's scheme to establish a natural capital investment company to model biodiversity net gain at scale in support of development growth in the southern England.

The Fund has been designed by Defra and the Environment Agency, working with HMT, Natural England and Access – Foundation for Social Investment.

Tony Juniper, Chair of Natural England, said:

It is essential that we find ways to attract more investment into nature recovery. This is why I'm so pleased that the Natural Environment Investment Readiness Fund has opened its doors to bids again. This is a vital area of innovation and there were some excellent bids in the first round, showing the potential to gain further momentum behind ecological recovery.

The development of investment-ready 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. Interest in joining and growing these new markets is increasing all the time and I'm proud that Natural England is playing an important role through providing technical expertise.

The Green Finance Institute (GFI) has supported Defra and the Environment Agency throughout the Fund's first round and will continue to promote the knowledge gained across the finance sector, in partnership with Ecosystems Knowledge Network and the Esmée Fairbairn Foundation.

Dr Rhian-Mari Thomas OBE, Chief Executive, Green Finance Institute, said:

As highlighted in our recent report, England alone faces a £21 to £53 billion finance gap over the next decade in reaching key nature goals. The Fund plays an important role in filling this gap through its development of a potential pipeline to attract private investment into nature, and through the shared learning provided by the Fund's Community of Practice.

We look forward to seeing the innovative projects within this second round of funding.

The fund – which will be open for applications until 3 February – 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

- The Environment Agency runs a [NEIRF SharePoint](#) website where additional support will be announced during the application window. Access can be provided by emailing NEIRF@environment-agency.gov.uk.