

Green projects given support to attract private sector investment

Four projects which will protect and restore valuable habitats have been selected to receive funding in a pilot scheme to encourage sustainable private sector investment in our natural environment.

Defra, the Environment Agency (EA), Esmée Fairbairn Foundation (EFF) and Triodos Bank UK have formed a collaboration to support environmental projects to create sustainable funding models.

Having been sourced and evaluated by Triodos Bank UK the projects will receive grant funding from Defra, the EA and EFF to support their development, complete business plans to attract private sector investment, and deliver long-term environmental benefits and sustainable financial returns.

The four projects receiving funding are:

- Devon Wildlife Trust's restoration of the Caen wetlands
- Rivers Trust's work on natural flood management in the Wyre catchment in Lancashire
- NFU's work to reduce nitrate pollution in Poole Harbour
- Moors for the Future Partnership's restoration and conservation of peatlands in the Pennines

Emma Howard Boyd, Chair of the Environment Agency, said:

In England we are increasingly seeing new extreme weather accelerate from wettest to driest and back again, restoring nature is key to managing this.

You can't put a price on nature, but investing in its recovery can generate a steady return and will make the UK economy more clean and resilient. These projects are designed to attract investment into local economies while developing models for businesses to use and scale up around the world.

Environment Minister Rebecca Pow said:

The UK is taking a leading global role in tackling climate change and biodiversity loss, but given the scale of the challenge ahead it is crucial that environmental projects have the tools they need to attract private sector investment alongside our government support.

Ensuring we have a green recovery from coronavirus will be

especially important at this time, and this collaboration provides vital financial expertise and support to create funding models which can be used by other projects up and down the country.

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

That is why the government committed £10m in the Budget to support natural environment projects to attract private sector investment through the Natural Environment Impact Fund, from 2021.

The government and the Environment Agency are also working to ensure that our recovery from coronavirus is clean and resilient, tackling climate change and boosting nature.

In order to help project developers up and down the country attract investment, the lessons learned from these projects will also be made freely available.

Caroline Mason, Chief Executive of Esmée Fairbairn Foundation, said:

We need bold action and impact like never before when it comes to protecting our natural world. If the current crisis is to be successfully reversed, more money will be crucial. With these grants we hope to explore both the potential and the limits for generating revenue to deliver environmental outcomes. If we understand the models that can make money and can be funded through private capital, we can raise additional money for nature and make sure that public and philanthropic funding goes where it's most needed.

Dr Bevis Watts, Chief Executive of Triodos Bank UK, said:

We have invested over two years of our resources and expertise into finding viable financial projects in this new area and were delighted to bring these partners together. We believe that connecting economic outcomes to investment in environmental restoration is possible and can deliver benefits, in terms of carbon storage, air quality, flood management and human health, as well as enhancing biodiversity and wildlife habitats.

Triodos has always been a pioneer in sustainable finance, for example in early renewable energy and organic food & farming. Now linking the economic and societal benefits we take for granted from nature to investment in its restoration is a key challenge we are leading on. The finance sector needs to play its role and use more imagination in how economic outcomes can be linked to investment in

nature. We hope we can build on these pilot projects and replicate them to secure further investment in addressing the environmental crises we face.

Natural Flood Management in the River Wyre catchment

The use of natural flood management, including the building of leaky dams, the creation of bog, and the rewetting of peat, on 70 hectares of the River Wyre catchment by the Rivers Trust would help to reduce the frequency of flooding for a number of properties in Lancashire.

At the same time as reducing flood risk, these natural flood management schemes will create new habitats for wildlife and help to mitigate climate change through the storage of greenhouse gases in the newly created wetlands and peatlands.

The seed funding will allow The Rivers Trust to work with the Wyre Rivers Trust, Environment Agency, United Utilities, Triodos Bank UK, Co-op Insurance and Flood Re, to develop a financial instrument that would allow upfront investment from the private sector to be reimbursed by the beneficiaries of a healthier environment.

Mark Lloyd, Chief Executive of The Rivers Trust, said:

At a time when we are facing a climate emergency, we must find new ways to invest in recovery of the natural processes that protect and support us, at a scale and pace that can make a difference. Hard engineering alone will not address our future flood risk challenges and must be supplemented by natural solutions.

We believe that by implementing natural flood risk management features at scale, we could see significant financial returns from a better river environment. We expect this pilot to lead to future natural capital investment and build a credible case for green investment to restore our river landscapes.

Restoration of the River Caen wetlands

Sitting on the northern bank of the River Caen, the Caen Wetlands project is a bold and innovative proposal to create a stunning habitat and visitor resource in northern Devon. The wetlands site is one of the UK's most important sites for wetland birds but is under pressure from human impacts, climate change, and rising sea levels.

Devon Wildlife Trust has recently completed on the purchase of its 57th Nature Reserve – Horsey Island. Located in the heart of the North Devon UNESCO Biosphere Reserve, Horsey Island is a wildlife rich area of intertidal wetland habitats extending to over 80 hectares. Horsey borders the tidal reaches of the River Caen which flows through Braunton and out into the Taw Estuary.

Alongside the restoration of the habitat, the development of the site for ecotourism through a visitor centre and other facilities will provide a source of income, with the seed funding being used by Devon Wildlife Trust to develop a business case for investment in this project.

Harry Barton, Devon Wildlife Trust CEO, said:

This is a truly outstanding natural and cultural landscape – over the coming months we'll be working alongside a wide range of partners, expert consultants and local communities to explore the opportunities to create new wetland habitats and visitor facilities, where people will have the opportunity to see north Devon's wildlife at its best.

Poole Harbour Nutrient Management Scheme

One of the largest natural harbours in the world, Poole Harbour in Dorset is of international importance to wildlife, being home to a vast range of aquatic life and wetland birds, including egrets, ringed plovers, and grebe.

However, as a habitat for wildlife, it is now under pressure, with nutrients such as nitrate from agriculture in its catchment flowing down into the harbour and leading to a rapid growth of algae which smothers the estuarine habitat and reduces the amount of food available for birds.

Through the Poole Harbour Nutrient Management Scheme, the National Farmers Union (NFU) is aiming to work with and support the farmer-led collaboration in the catchment, equipping them with tools to reduce their use of nitrates.

The proposed innovative, industry-led model is designed to offer both environmental benefits and productivity gains for farming businesses. The local community, water companies and local government will all see benefits from the improved water quality.

Melanie Squires, NFU South West regional director, said:

The project will enable us to develop exciting, innovative, solution-based collaborative working methods across the agricultural and land management sectors and beyond. Working in partnership we aim to deliver significant reductions in nitrate leaching, improving water quality in Poole Harbour and the rest of the catchment. All parties with an interest in the catchment are involved in this work, which has farming and farmers at its heart.

Peatland restoration in the Pennines

Peatlands have a vital part to play in tackling climate change, storing more carbon than all other types of vegetation in the world combined, and damage to peatlands is a major source of carbon emissions.

The peatlands of the south and west Pennines are some of the most degraded in uplands in Europe, and as well as being damaged in the past by the coal-fired industry in Manchester and Sheffield, they are facing future pressure from hot summers and wet winters due to climate change.

The Moors for the Future Partnership is already working to restore and conserve peatland in the area, but needs to attract greater investment in order to carry out this work on a larger scale to protect more of this vital habitat.

It is hoped this project will be successful in developing a range of returns, including financial, for investors.

Christopher Dean, Head of Programme Delivery from the Moors for the Future Partnership, said:

The partnership has been operating for 17 years and has transformed huge areas of bare and eroding peat. As these peatlands are at the forefront of the effects of climate change, there is an urgent need for restoration to continue so that we can deliver full ecosystem service returns.

This pilot is a natural successor to the landscape-scale work that has already been achieved and will allow the partnership to pioneer the development of the next generation of sustainable financing for vital peatland conservation work.