

New £10 million fund to drive private sector investment in nature

Nature projects which tackle climate change, create and restore habitats, or improve water quality could soon benefit from a new £10 million fund to help them both benefit the environment and attract private sector investment, the Government has announced today (10 February).

The [Natural Environment Investment Readiness Fund](#) 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.

This will create a pipeline of projects for the private sector to invest in, and develop new funding models that can be replicated elsewhere, demonstrating the UK's leadership in nature finance in the run-up to COP26 in November.

Examples of projects that could be eligible for the fund:

- the creation of new woodlands and the restoration of peatlands, providing habitats for wildlife, green spaces for the public and carbon sequestration to help the government achieve its net zero target. This will generate carbon units which can be sold to businesses that want to offset emissions.
- the creation of new coastal wetlands, which benefit wildlife and reduce tidal flooding, while also attracting investment from developers needing to deliver biodiversity net gain and even delivering revenue through eco-tourism.
- the restoration of river catchments, helping to both improve water quality and reduce flood risk. As well as benefitting nature and people, these environmental benefits will deliver financial incentives to water companies (with reduced costs for water treatment) and encouraging them to invest.

Environment Minister Rebecca Pow said:

Our 25 Year Environment Plan made clear that while the public sector will continue to be a central source of funding, it is critical that this is alongside more private sector investment to protect and enhance our natural environment.

Investors are rightly recognising environmental factors as key drivers of value. As we look to build back greener from the pandemic, I would encourage any interested businesses, local authorities, eNGOs or other organisations to bid for a portion of this fund.

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

The Government are calling for a green industrial revolution at the same time that investors, including people saving for their pensions, are looking for economic returns that reverse natural decline and manage climate shocks.

There are already examples of this happening, but the global economy needs more evidence if it is going to reach a tipping point that mobilises trillions of dollars towards nature. This fund will help, demonstrating funding models that can be replicated, providing long-term benefits for the economy and the environment, and showing UK leadership ahead of COP26.

The pioneering fund, which is being delivered by the Environment Agency on behalf of Defra, will help organisations get specialist advice, engage investors and build capacity to develop their project to the stage when it is ready to receive and repay investment.

Projects need to be replicable and scalable, with key learnings made public to encourage similar approaches to access private sector finance for nature projects in future.

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

There are many important nature-based projects that, with technical assistance and catalytic funding, could meet investor requirements and demand, and secure the private capital to help them achieve their missions. The NEIRF will serve as an essential bridge, as well as providing an example of how to build an investment pipeline for nature.

We are delighted to have been able to support the Environment Agency and Defra in the Fund's development and to continue our involvement in ensuring its success.

The fund – which will be open for applications until 26 March – 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.

With the [Dasgupta Review](#) having recently made clear the value of nature to our economy and society, green finance will be essential to addressing the defining environmental challenges of our time, including climate change, moving to net zero, protecting biodiversity and improving the water environment.