

Evaluation of the Natural Environment Investment Readiness Fund

Annual Report – Year 1
March 2022

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Executive Summary

The Natural Environment Investment Readiness Fund (NEIRF) is a grant programme to address market failures, develop capacity and support investment in natural environment projects to contribute to the outcomes in the Government's 25 Year Environment Plan (25YEP) and the Green Finance Strategy. Its aim is to increase the number of financing options for natural environment project developers by stimulating a pipeline of scalable and replicable projects that protect and enhance the natural environment, while generating revenue from ecosystem services in order to attract and repay investment.

NEIRF is a £10m competitive general grant scheme agreed by HMT. It provides up to 80 grants between £10,000 - £100,000, administered by the Environment Agency. Grants are for technical assistance to help grantees access investment and deliver their revenue-generating projects (not for capital works or project implementation). Applications are assessed by Defra, the Environment Agency and Natural England and grants are disbursed in two rounds, in Summer 2021 and Spring/Summer 2022.

Project activities (when implemented) must take place in England and are required to deliver multiple benefits including tackling climate change and protecting or restoring the domestic natural environment in a number of different habitats, in line with at least one of the 25YEP goals. They must also be able to generate revenue from ecosystem services capable of attracting and repaying investment and produce a replicable and scalable investment model.

In 2021 Defra commissioned Ecorys and ADAS to evaluate NEIRF. The evaluation includes reviews of process, impact and Value for Money of NEIRF-funded projects. It aims to test the causal links in the Theory of Change (see Annex 1) developed at the beginning of the programme by assessing the extent to which NEIRF's aims and objectives have been achieved. The evaluation also provides recommendations for similar current and future projects, to capture and disseminate learning about policy and about developing private sector investment to deliver environmental outcomes. The evaluation will take place from September 2021 to March 2024, with annual reports published in Summer 2022, 2023, and 2024. This is the first report, which focuses the application process and early implementation of Round 1 projects.

NEIRF Round One

Funded organisations

NEIRF had 152 Round 1 applications¹, of which 29 were successful. Charities make up 55% of grantees despite being 31% of applicants. Conversely, private companies made up only 10% of successful bids, despite being the most common applicant type.

Habitat coverage

Many grantees are designing their investment proposal to take place in more than one habitat, over diverse locations. Overall, the habitats which have the greatest coverage in projects are freshwaters and wetlands (23 projects), woodland (22 projects), and enclosed farmland (21 projects).

Environmental ambition

Projects anticipate taking a wide range of activities to enhance or restore nature. Projects seek to achieve environmental outcomes through NBS, the sale of ecosystem services or the development of Codes. Environmental outcomes include protecting and restoring a wide range of habitats, with the vast majority of projects operating in multiple habitats.

Project models

Successful applications proposed a wide range of diverse activities to develop the financial case for their nature projects. For the purposes of this evaluation, we have used the following ways to group projects funded under the NEIRF

- 21 successful applications are seeking to develop **investible projects**. We are defining these as any project which will, once it is implemented, seek to generate revenue (from NBS or ecosystem services) and attract private finance through a loan or other financial instrument. Examples within this category include habitat

¹ Defra received 152 applications, but this analysis is based on 150 because two applications were ineligible.

banks, the creation of a wetland selling carbon credits (standard project)², or Environmental Impact Bonds (EIBs)³. Investible projects are trying to monetise a range of opportunities including habitat banking to support Biodiversity Net Gain (BNG), carbon/blue carbon, nutrient, and water credits and/or biodiversity and other ecosystem services, often planning to stack or bundle these opportunities.

- 7 successful applicants are developing **market enablers**. We are defining these as projects that seeks to use NEIRF funding to develop a market or create scale through the development of a platform or standard. Within this category would be the development of a new Carbon Code or a trading platform.
- 1 which is both an investible project and a market enabler.

Innovation

There is a high level of innovation across successful projects. This includes setting up new comprehensive partnerships between stakeholders around a certain environmental opportunity. It also features new business models such as Environmental Impact Bonds and development of natural capital markets, instituting codes and platforms that enable new standards for environmental monetisation, scaling up pilots or models attempted elsewhere and creating projects that can apply at a landscape or even national level.

Investment needed

For most projects it is too early to estimate the level and type of initial investment they will need, and forecasting this future investment is often incorporated in their plans for the end of their NEIRF project.

Others have used previous pilots or will use upcoming pilots to gauge the level of investment needed. Most are only in the early stages of talking to potential investors, as

² Standard projects are defined as projects delivered in a specific habitat or location, with NEIRF being used to assess natural capital potential.

³ Environmental Impact Bonds are innovative financing tools that use a Payment by Results approach to provide upfront capital from private investors for environmental projects. The financial return of the investment is tied directly to the success of the project

they want to do so when they can present a powerful business case.

Investors are likely to include companies who are anticipated to benefit from the interventions (e.g., reduced flood risk, ecosystems services and sequestered carbon), with a potential overlap between buyers and investors.

Application form and timeline

83% of survey respondents (n=41) found the application form and guidance very or quite clear. Among unsuccessful applicants (n=17), a sizeable minority of 5 found it not very or not at all clear.

Some unsuccessful applicants found some questions relatively vague (i.e., what Defra considered 'innovation'), asking for more guidance on the expectations per section. A minor theme was that the questions from the application form did not seem tailored enough to NEIRF, and functioning issues with filling in the application document.

An EOI phase was suggested to filter out applicants who had unsuitable project ideas.

There were mixed views on the six-week timeline to develop proposals. Time spent developing proposals ranged from two to six weeks. A theme was that the wait between submission and application outcome was too long.

Rationale for applying

For both successful and unsuccessful applicants, NEIRF provided the opportunity to fund an existing idea that would likely not have been otherwise implemented. Interviewees strongly felt that their project ideas were innovative, and NEIRF funding gave them the opportunity to realise them. The application process was useful to scope, explore and build partnerships that otherwise would not have happened.

Support and guidance

Both successful and unsuccessful applicants interviewed described information events, workshops and Q&A held by Defra, the EA and the Green Finance Institute (GFI) as 'clear', 'straightforward' and 'useful'.

Survey responses (n=42) showed information sessions (83%) and other sources (81%) as more popular for gathering guidance than the NEIRF SharePoint (49%). A considerable majority of respondents (85-97%) found all three to be very or quite helpful.

Suggestions for improvement included making the webinars more interactive and a dedicated contact or helpline for specific enquiries.

Feedback to unsuccessful applicants

Some unsuccessful applicants expressed disappointment about receiving only generic feedback. Others reported receiving both generic and tailored feedback.

Of the 15 unsuccessful applicants answering this survey question, 9 are now on hold, while the others are being taken forward through other funding sources (4) or waiting to hear back about another grant application (2).

Project outcomes

Self-assessment tool⁴ data, supported by interviews, shows a positive early indication that projects are making progress towards investment readiness. Projects were most positive about the effect of NEIRF on their knowledge of ecosystem services and understanding of investment opportunities, and its contribution to their progress towards receiving investment or developing a Code or market enabler.

Organisational outcomes

The main outcomes experienced by grantees initially were at organisational level, including an improved ability to deliver projects. Almost two-thirds of projects agreed or strongly agreed that NEIRF had strengthened their organisational capacity. NEIRF also contributed towards job creation by employing people to work on NEIRF-funded activities.

Fewer outcomes were seen in organisations' understanding of potential buyers and sellers, and the setting of KPIs between buyers and sellers, probably because most are at an early stage of project implementation.

⁴ All projects were asked to complete a self-assessment tool developed by the GFI and Ecorys, detailing their progress towards outcomes in their investment-readiness journey/journey to develop a Code. Further details of the tools can be found in Section 2.2.1 Management Information, and in Annex 1.

Unintended outcomes

Many projects reported the unexpected positive outcome of their project's profile being raised externally. This resulted in greater interest among senior stakeholders within organisations and industry, new partnerships and collaborations.

Scalability and replicability

Nearly all survey respondents (21 out of 24) agreed or strongly agreed that they planned to grow or scale up their NEIRF project beyond what was stated in the application. Many are still working on developing a financial model and will explore scaling up once it is finalised; others have already started scaling-up.

Learning and sustainability

Interviewees have been sharing their learning, as well as learning from others, both through the Community of Practice (CoP) and informally.

Interaction between NEIRF and policy

NEIRF projects are described to be both affected by policy developments and influencers of policy at local and national levels. Policy developments affect how projects can be delivered, with a strong theme being that delays in policymaking resulted in uncertainty and delays in project implementation. However, grantees also mentioned that they valued delivering projects in parallel to policy development and being able to feedback directly to the EA during implementation, as this gave them opportunities to influence policy developments.

Attribution of outcomes to NEIRF

Grantees greatly valued the Fund, because it gives them the opportunity, time, and resources to implement their investment proposals. Many believe they would not have been able to do this without the NEIRF funding. They also welcomed it as it demonstrates the Government's interest in nature-based solutions, with many believing that funding for the natural environment beyond government is very limited in the UK.

Conclusion

NEIRF funded projects are broadly on track to deliver and spend grants as planned. Overall, the grantees are satisfied with the support provided by Defra and the EA, particularly bespoke support and the Community of Practice. One challenge NEIRF projects are facing is the interaction with a range of policy developments, which have resulted in uncertainty and delays. Grantees could highlight this more to Defra by

producing evidence that policy delays cause difficulties, for example creating revenue models with missing data or multiple data options to show that clear predictions cannot be made in such a context of uncertainty; Defra should encourage this. However, grantees also value the opportunity to shape policy through NEIRF.

Projects have made some positive progress along the investment-readiness journey, including developing governance and delivery plans, identifying ecosystem services, identifying and working with buyers and sellers, and developing KPIs between them. While there has been some progress around developing investment models and identifying and working with investors, it is too early to see outcomes around concrete conversations with investors or accessing investment. It is worth noting that accessing investment can take a long time, and may happen after the end of NEIRF, and the focus of this evaluation is on progress along the investment-readiness journey.

Recommendations

Key recommendations for future delivery of NEIRF and similar programmes include:

1. Continue to **provide guidance, information events and support to applicants** throughout the application stage, possibly offering additional support to organisation types (e.g., private companies and partnerships) that were less successful in Round 1.
2. Continue to provide **clear guidance around the funding requirements**, specifically around NEIRF's focus on supporting investment-readiness. Ensure that prospective applicants fully understand that their project needs to result in a business case for potential investors.
3. Clearly state in the application guidance the **time commitment required for CoP and other information and learning events**, to allow projects to budget and plan for it, and fully benefit from the networking opportunities provided.
4. Provide **tailored feedback to unsuccessful applicants** highlighting the main reasons why their bid was not successful.
5. Continue to provide **high quality, tailored and flexible support to grantees** during project implementation.
6. Provide further **clarity around the difference between buyers and investors**, to support projects to better identify each and understand whether there may be some overlap.
7. **Encourage projects to highlight the challenges caused by policy uncertainty** by working with projects to produce evidence that policy delays cause difficulties, for example creating revenue models with missing data or multiple data options to show that clear predictions cannot be made in such a context of uncertainty.

8. Continue to offer grantees **learning and networking opportunities through the Community of Practice**. With Covid-19 restrictions easing, seek opportunities to **hold in-person CoP events**, which would facilitate interaction and networking among grantees. **Peer Learning Activities (PLAs) involving site visits** would also offer valuable learning and exchange opportunities.
9. Support grantees to create a suite of **case studies to share best practice**.
10. Provide as much **information and clarity as possible around expected policy developments and timelines**, to help shape projects and inform delivery.

1. Project background

This chapter sets out the policy context and background which brought about the establishment of Natural Environment Investment Readiness Fund (hereafter NEIRF, or the Fund) NEIRF. It also outlines the characteristics of the programme.

1.1 Overview of NEIRF and the evaluation

NEIRF is a grant programme to address market failures, develop capacity and support investment in natural environment projects to contribute to the outcomes in Government's 25 Year Environment Plan (25YEP) (GOV UK, 2018) and the Green Finance Strategy (GOV UK, 2019). Its aim is to increase the number of financing options for natural environment programmes by developing a pipeline of projects that protect and enhance the natural environment, while generating revenue from ecosystem services in order to attract and repay investment.

In 2021 Defra commissioned Ecorys and ADAS to evaluate NEIRF. The evaluation includes reviews of process, impact and Value for Money of NEIRF funded projects. It aims to assess the extent to which NEIRF's aims and objectives have been achieved, to build learning into the programme to adapt ongoing implementation and similar current and future projects, to capture and disseminate learning about policy and about developing private sector investment to deliver environmental outcomes. The evaluation will take place from September 2021 to March 2024, with annual reports published in Summer 2022, 2023, and 2024.

This is the first report, which focuses the application process and early implementation of Round 1 projects.

1.2 Policy context

Natural capital has been identified as integral to the Government's 25YEP to protect and restore the environment for future generations. Biodiversity 2020 indicators for England (Defra, 2021c) show a deterioration in 14 (28%) measures, including the percentage of habitats and species of European importance in favourable or improving conservation status, farmland and breeding woodland birds, and the distribution of pollinating insects. This reflects a national picture of biodiversity loss which has been evident over a number of decades, and despite the growing acknowledgement that the health and resilience of our natural environment underpins the health of our economy, much of this biodiversity loss is a direct result of economic drivers, including land development for infrastructure, industry and housing (HM Treasury, 2020).

The Green Finance Strategy commits the Government to supporting actions that align private sector finance with clean, environmentally sustainable, and resilient growth, whilst

strengthening the competitiveness of the UK financial sector. A key success factor for the strategy will be the level and speed with which the UK private finance sector responds to Government calls for collaborative public and private sector efforts to help transition away from fossil fuels and toward a green economy. The Dasgupta Review (HM Treasury, 2020) further highlighted the key role that green finance can play in addressing environmental issues, including climate change mitigation and reversing biodiversity loss. The Review presented an economic framework for biodiversity, which included protecting and enhancing the natural environment as essential for present and future economic prosperity.

The 25YEP commits to enhancing landscapes and habitats through private sector natural capital investment markets (NCIMs) because private investment is seen as an effective way to bring in non-public finances to support the growth of financially sustainable natural capital businesses. Therefore, the 25YEP encourages the development and implementation of innovative business models that can protect and enhance the natural environment *whilst simultaneously* generating revenue capable of attracting and repaying investment. The 25 YEP states the UK Government will explore the potential for a domestic Natural Environment Impact Fund, to provide technical assistance and funding for environmental projects that can improve the natural environment and generate revenue. NEIRF is a component of this.

In 2018, Defra commissioned a Strategic Outline Case and Outline Business Case for public sector support to catalyse private sector investment in natural capital in the UK (Vivid Economics, 2018). Whilst this reported on a measure of success overseas, they found that UK NCIM remained underdeveloped. Despite the existence of some examples of innovation in the current, very early-stage NCIM, market failures and barriers to success restricted the pipeline of investible projects. The main barriers highlighted included few established models for capital assets, limited incentives to develop them, a lack of information for investors (e.g. projects' insufficient track records), and a lack of delivery capacity.

Recommendations from the report indicated that flexible funding, to help “unlock and establish profitable business models” (Vivid Economics, 2018), would be critical for catalysing further impact investments. This was reinforced through an option highlighted in the Outline Business Case; that Government should look to provide technical assistance to identify project needs, help them overcome some of the barriers identified, and help projects prepare for investment.

The Spending Review 2019 announced the Shared Outcomes Fund for pilot projects testing innovative ways of working, followed by a second round of the Shared Outcomes Fund announced in the Spending Review 2020. As part of this initiative, £12.5m were

allocated to Nature-based Solutions (NBS)⁵ for climate change at the landscape scale, to test methods to create and restore natural habitats to address both climate change and biodiversity loss. The four pilots aim to build an evidence base around carbon capture and storage, integrating NBS with other land management objectives, inform future environmental land management schemes (ELMS)⁶ and explore effective governance models and mechanisms for blending public and private finance (HM Treasury, 2021).

1.3 NEIRF programme

1.3.1 Pilot projects

In light of the information collected and ongoing policy developments, in June 2020, Defra and the EA, together with Triodos Bank and the Esme Fairbairn Foundation funded four pilot projects to address the 25YEP environmental outcomes, while attracting repayable investment and generating revenues. The pilot projects were:

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

Lessons learnt from the pilot projects⁷ informed the design of NEIRF, providing examples of good practice.

⁵ The Nature-based Solutions Initiative at the University of Oxford defines NBS as “working with nature to address societal challenges, providing benefits for both human well-being and biodiversity. Specifically they are actions that involve the protection, restoration or management of natural and semi-natural ecosystems; the sustainable management of aquatic systems and working lands such as croplands or timberlands; or the creation of novel ecosystems in and around cities. They are actions that are underpinned by biodiversity and are designed and implemented with the full engagement and consent of local communities and Indigenous Peoples.”

⁶ An overview of ELMS is available at: <https://www.gov.uk/government/publications/environmental-land-management-schemes-overview>

⁷ A webinar about learning from the pilot projects is available at: <https://esmeefairbairn.org.uk/latest-news/webinar-innovative-funding-restore-nature/>

Defra and the EA produced a business case in support of NEIRF, reviewing the viability of different delivery options. Based on the Access Foundation's experience of delivering the [Growth Fund](#), it estimated that between one-third and two-thirds of funded projects will generate private investment and income from ecosystem services. The business case also includes a draft monitoring and evaluation plan, on which Ecorys drew for this evaluation.

1.3.2 NEIRF roll-out

In 2021 Defra established the Natural Environment Investment Readiness Fund (GOV UK, 2021), a £10 million fund, providing grants to environmental groups, local authorities (LAs), businesses, and other organisations to assist them in developing environmental projects in England to a point where they can attract private investment.

NEIRF is delivered by Defra and administered by the EA with support from Natural England.

NEIRF runs over three years and aims to accelerate and stimulate NCIM development at scale by:

- improving the financial resilience of the natural environment financing;
- increasing the overall level of funding available by stimulating private sector investment;
- supporting the development of an investible pipeline of projects that can secure and repay loans; and
- improving overall sector resilience.

NEIRF is a competitive general grant scheme providing up to 80 grants between £10,000 - £100,000. Applications are assessed by Defra, the Environment Agency (EA)⁸, Natural England and GFI and grants are disbursed in two rounds, in Summer 2021 (29 grants awarded) and Spring/Summer 2022.). NEIRF aims to help environmental projects to:

⁸ Assessment criteria are available at <https://www.gov.uk/government/publications/apply-for-a-grant-from-the-natural-environment-investment-readiness-fund/how-to-apply-for-a-natural-environment-investment-readiness-fund-grant#how-we-will-assess-your-application>

- i) procure support and advice from professional advisors to aid the development of their investment projects so they present a compelling case to potential investors;
- ii) build capability and/or address barriers to green finance and investment; and
- iii) develop ecosystem market enablers (e.g. investment platforms, verification codes, aggregator vehicles).⁹

Activities must take place in England and are required to protect or restore the domestic natural environment in line with at least one of the 25YEP goals. They must also be able to generate revenue from ecosystem services capable of attracting and repaying investment, and produce a scalable investment model (GOV UK, 2021b). The Fund is committed to helping achieve the Government's Green Finance strategy and 25YEP. Specifically, the Fund aims to support the following in line with the 25YEP:

- Developing green spaces to support people to improve their health and wellbeing and increase their engagement with the natural environment;
- Improving land management through new, innovative funding and delivery mechanisms including private payments for ecosystem services;
- Implementing biodiversity net gain;
- Conserving and enhancing natural beauty and heritage features, including designated geological sites and scheduled monuments;
- Protecting and recovering nature;
- Delivering the Nature Recovery Network with the use of new and innovative funding mechanisms;
- Achieving a good environmental status of seas;
- Creating greener towns and cities;
- Improving soil health, and restoring and protecting peatlands;
- Expanding woodland cover and improving management of existing woodlands;
- Reducing the risk from flooding and coastal erosion through NFM, making the case for more sustainable drainage systems, and making 'at-risk' properties more resilient to flooding;
- Using water more sustainably and reducing pollution; and
- Enhancing and conserving the water environment.

⁹ See guidance linked in footnote 8

In particular, NEIRF also aims to enable the delivery of Green Finance Strategy goals of ‘harnessing nature for net zero’ and ‘balancing residual emissions to achieve net zero’ by:

- Encouraging private sector investment to optimise the functionality of the Natural Capital market; and
- Supporting emerging markets in NBS, including carbon sequestration.

Further policy development launched since NEIRF will contribute to incentivising natural capital investment. Part of the UK’s new agricultural policy, Environmental Land Management Schemes (ELM)¹⁰ provide support to landowners in return for providing public goods such as climate change mitigation and adaptation, water and air quality enhancement, and habitat restoration. NEIRF aims to inform the development of ELM by developing project models and credible revenue streams from private investment in ecosystem services.

Additionally, as part of the Environment Act 2021, the Government mandated Biodiversity Net Gain (BNG)¹¹ for all new developments requiring planning permission and Nationally Significant Infrastructure Projects. This will ensure that new developments result in a 10% net gain biodiversity to provide lasting benefits to the natural environment and future generations. The BNG mandate will increase demand for BNG units from developers and landowners, creating an opportunity for NEIRF projects to attract investment in habitat banks and sell ecosystem services and biodiversity credits.

Defra will also launch the Big Nature Impact Fund, a public-private, blended finance vehicle that will invest in projects that generate revenue from nature-based solutions (NBS) providing ecosystem services. Investments will be targeted at the NBS in England with the greatest potential to mitigate the effects of climate change and restore biodiversity, namely tree planting and woodland creation, and peatland restoration. The Fund aims to use NEIRF as a potential project pipeline.

¹⁰ An overview of ELMs is available at: <https://www.gov.uk/government/publications/environmental-land-management-schemes-overview>

¹¹ Biodiversity net gain (BNG) is defined by Natural England as ‘an approach to development and land management that leaves the environment in a measurably better state’.

1.4 Report structure

The remainder of this report is structured as follows:

- Chapter 2 outlines the evaluation methodology, including the research framework, data collection approaches, and data limitations.
- Chapter 3 provides an overview of NEIRF project characteristics and revenue models, as well as project management and governance styles, innovative approaches, and investment required.
- Chapter 4 discussed the application process for successful and unsuccessful Round 1 applicants. It covers organisations' rationale for applying, their views on the support and guidance received and on the application form itself.
- Chapter 5 describes project implementation, including support provided, enablers and barriers and the Community of Practice. It also presents early findings from the Value for Money analysis.
- Chapter 6 presents projects' early outcomes, including organisational outcomes such as capacity and project/financial management, as well as outcomes around progress along the investment readiness journey. It also addresses scalability and replicability of projects, sustainability and lessons learnt, as well as the interactions between NEIRF projects and policy, and the interface with other government investment mechanisms and grants such as ELMS.
- Chapter 7 includes a conclusion.
- Chapter 8 presents recommendations for the ongoing implementation of NEIRF and future delivery of similar programmes.
- Annex 1 includes the full research methodology.
- Annex 2 presents summary tables for each Round 1 project outlining: lead organisation type; governance structure; type of project; budget; level of innovation; key objectives; habitats; geographical area; revenue model; and investment needed.

Sources are referenced throughout the report using Harvard style referencing, and a full list of sources is provided at the end.

2. Evaluation methodology

This chapter outlines the methodology applied to carry out the Year 1 process, impact and Value for Money evaluations. It describes the data collection tools used, including semi-structured interviews with unsuccessful and successful NEIRF applicants, a survey, analysis of MI data including application, reports and self-assessment tools. The chapter ends with considerations on the limitations of the data.

2.1 Approach

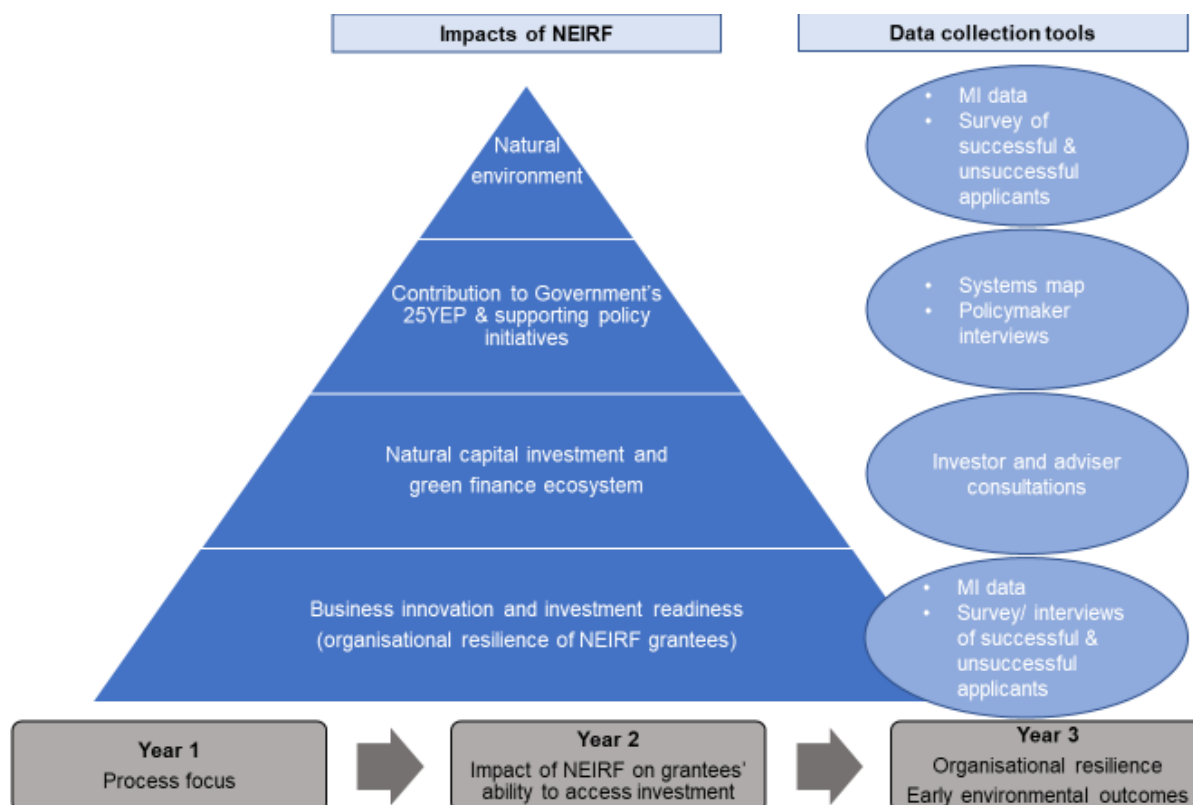
Ecorys is undertaking a process, impact and Value for Money (VfM) evaluation of NEIRF. The evaluation is assessing the outcomes of NEIRF at different levels:

- **Project level**, assessing grantees' investment readiness journey, the extent to which NEIRF contributes to innovative business plans, and the longer-term organisational capacity and resilience of grantees.
- **System level**, including NEIRF's impact on the natural capital investment market and the green finance landscape, and investors' attitudes towards NEIRF and Nature Based Solutions.
- **Policy level**, exploring NEIRF's contribution to the 25YEP, its interaction with other funding schemes at the policy level, the extent to which it helps inform other policies and programmes, and the extent to which NEIRF projects influence policymaking.
- **Wider context**, analysing NEIRF grantees' impact on the natural environment. This is unlikely to be seen within the evaluation timescale, so we will focus on the expected outcomes of the business models (including both environmental and financial outcomes).

A theory-based approach (contribution analysis) was taken for this evaluation, given the small size of the treatment and comparison groups that would not have allowed for a quasi-experimental evaluation. Please see annex 1 for further details on contribution analysis.

The diagram below illustrates the data collection tools that will be used to understand the impacts of NEIRF at each level. It also shows the change in focus of the evaluation over time, with Year 1 focusing on process, Year 2 assessing process and impact in terms of grantees' ability to access investment, and Year 3 focusing on organisational resilience and environmental impacts, as well as overall Value for Money of the programme.

Figure 1. Impacts of NEIRF and data collection tools



The evaluation of NEIRF takes place over 2.5 years, from September 2021 to March 2024. We expect to see some early environmental outcomes during the timeframe of the evaluation, but we will seek to capture desired/expected longer-term environmental impacts.

This report covers Year 1 of the programme (August 2021-March 2022), and focuses primarily on the process evaluation and the impact of NEIRF at the project level. It is too early in project implementation to comment on impact or on the overall Value for Money of the programme. However, analysis of early outcomes and of how grants have been spent so far has been included.

The research questions and evaluation framework were initially developed by Defra, and revised by the GFI who developed an initial M&E framework for NEIRF. The framework was further reviewed by Ecorys following the inception meeting and subsequent conversations with Defra and was explored further with grantees through an introductory webinar. The research framework is available in Annex 1.

Primary data collection is being conducted throughout the evaluation and includes:

- An annual survey of grantees and unsuccessful applicants, delivered in January/February 2022, 2023, and 2024

- Semi-structured interviews with unsuccessful applicants, carried out in October/November 2021 and Summer 2022
- Longitudinal interviews, which track projects over time by interviewing grantees annually throughout the evaluation. Round 1 grantees are being interviewed three times, in November/December 2021, 2022, and 2023. Round 2 grantees will be interviewed in Summer/Autumn 2022 and 2023.
- Snapshot interviews are carried out at five points throughout the evaluation (at the same time as longitudinal interviews) and focus on a specific theme.

The table below summarises the target number and timing of interviews over the course of the evaluation. 'Time' refers to each time primary data is collected.

Table 1. Target number and timing of interviews

Interviews	Year1	Year2		Year3		Total per type
	Time1 Nov/Dec 2021	Time2 Apr/May 2022	Time3 Nov/Dec 2022	Time4 Apr/May 2023	Time5 Nov/Dec 2023	
Longitudinal R1	8	0	14	0	12	56
Longitudinal R2	0	0	10	0	12	
Snapshot R1	4	8	4	3	3	39
Snapshot R2	0	4	6	4	3	
Unsuccessful R1	5	0	0	0	0	15
Unsuccessful R2	0	6	0	4	0	
Total	17	18	34	11	30	110
Total per year	17	52		41		

2.2 Data collection

This section outlines in brief the data collection approaches used for the Year 1 process and impact evaluations, with further details available in Annex 1:

- In October and November 2021, the evaluation team carried out five **semi-structured interviews with highly scoring unsuccessful applicants** (scoring 60% and above; the cut-off of 60%+ was agreed with Defra to ensure that unsuccessful applicants included had submitted good quality, potentially viable applications and would be more closely comparable to grantees.). The sample of interviewees was selected based on organisation type, revenue model and habitat in which the project is implemented (please see Annex 1 for further details on sampling framework used for the evaluation).
- In November and December 2021 the team carried out 13 **semi-structured interviews with grantees**, speaking to the project lead and consultant for each

project. We interviewed nine people from four projects as part of our 'longitudinal' interviews. We carried out 'snapshot' interviews with four people from two projects. The first round of snapshot interviews focused on projects' investment readiness journeys, including any barriers or challenges they may face. A secondary theme was monitoring and evaluation of the projects. Interviewees were selected to include a range of organisation types and revenue models (please see Annex 1 for details). All interview data was analysed thematically to address the evaluation questions.

- We also ran an **online survey** of all grantees and unsuccessful applicants scoring 60% and above (82 recipients). The survey was live for 3 weeks in January and February 2022 and project leads/lead applicants were asked to complete it. The response rate was 54% (44 responses, of which 25 were from grantees and 19 from unsuccessful applicants), which exceeded the target of 40%. Survey data was analysed in Excel.
- The **VfM data** analysed for this report includes project applications, mid-point reports, financial claims and variations, as well as VfM data from the semi-structured interviews. A full Value for Money analysis will be carried out in Years 2 and 3 when more information on investment accessed, and environmental and financial outcomes, becomes available.

We achieved or exceeded all our primary data collection targets for Year 1, as shown in the Table below.

Table 2. Data collection tools, targets and actuals

Evaluation strand	Tool	Target	Achieved
Process	Unsuccessful applicant interviews	5	5
Process, Impact	Longitudinal interviews (Round 1 Time 1)	8	9
Process, Impact	Snapshot interviews (Round 1 Time 1)	4	4
Process, Impact	Annual survey	40%	54% (44 out of 82)
Process, Impact	Baseline self-assessments	29	29
Process, Impact	Mid-point self-assessments	n/a	7 received by 18 th Feb

2.2.1 Management Information (MI)

The evaluation also includes the analysis of MI data. We began by reviewing and summarising **project applications** from grantees and unsuccessful applicants scoring 60% and above. These were used to develop interview samples. This report also includes the analysis of eight **mid-point reports** submitted by 18th February 2022.

Additionally, Ecorys reviewed the **self-assessment tool** developed by GFI, and edited it to include feedback from grantees. We developed two versions of the tool: one for projects and one for Codes (please see Annex 1 for details). Both versions of the tool include the eight key stages projects are expected to go through on their investment-readiness journey or in the process of developing a tool, as identified by GFI (however, not all stages apply to all projects). Projects were asked to complete the tool by entering their project-specific milestones against each of the eight stages, and RAG rating their progress against each milestone. Each project will complete the self-assessment tool at the start, mid-point and end of their project.

Findings in this report are based on all 29 Round 1 baseline self-assessments and seven mid-point self-assessments submitted by 18th February 2022. Self-assessment tools were analysed by calculating the difference between the proportion of milestones rated Red, Amber and Green at baseline and mid-point.

2.3 Data limitations

As with any evaluation, there are several data limitations which should be considered:

- The data included in this report was collected during the first six months of NEIRF project implementation. Therefore it mainly focuses on the application stage and early project delivery, with limited information on outcomes.
- Only seven mid-point self-assessment tools and eight mid-point reports (about one quarter) had been submitted by the agreed cut-off date of 18th February, to be analysed for this report. Data from the mid-point documents submitted has been analysed and reported on, but it only provides a partial picture of progress. Ongoing mid-point and end-point self-assessment data collection will inform future stages of the evaluation.

- Due to the early stage of the project, and the small number of projects funded, this report is based on a small number of survey responses (44¹², of which 25 from grantees) and interviews (18, of which 13 with grantees). These numbers reflect the small number of projects funded in Round 1 (29), but meant that we could not include percentage values in the analysis of grantee survey responses, and that the information collected through interviews is fairly limited. Throughout the report, we have reported percentages where base sizes are 30 or larger.
- After careful consideration, Ecorys and Defra agreed not to develop a comparison group or counterfactual, as the sample size of grantees is too small to be able to show a significant impact of the Fund. The evaluation is therefore taking a theory-based approach to impact measurement (contribution analysis).
- All primary research was conducted remotely, in line with social distancing measures. Future years of the evaluation may benefit from the inclusion of in-person interviews and observation activities, which may also help with the development of case studies.
- The evaluation will be able to produce strong evidence at the project, system and policy levels. However, it will not be possible to assess longer-term environmental impacts in the timeframe of the evaluation. This in turn will affect the strength of the VfM data that can be produced. We expect that the VfM analysis that will be carried out in Year 3 will be based in most cases on projects' financial projections rather than actual revenue data.

¹² Out of 82 people who were sent the survey. This represents a response rate of 54%.

3. Application process

Summary

Application form and timeline

83% of survey respondents (n=41) found the application form and guidance very or quite clear. Among unsuccessful applicants (n=17), a sizeable minority of 5 found it not very or not at all clear.

Some unsuccessful applicants found some questions relatively vague (i.e., what Defra considered 'innovation'), asking for more guidance on the expectations per section. A minor theme was that the questions from the application form did not seem tailored enough to NEIRF, and functioning issues with filling in the application document.

An EOI phase was suggested to filter out applicants who had unsuitable project ideas.

There were mixed views on the six-week timeline to develop proposals. Time spent developing proposals ranged from two to six weeks. A theme was that the wait between submission and application outcome were too long.

Rationale for applying

For both successful and unsuccessful applicants, NEIRF provided the opportunity to fund an existing idea that would likely not have been otherwise implemented. The application process was useful to scope, explore and build partnerships that otherwise would not have happened.

Support and guidance

Both successful and unsuccessful applicants interviewed described information events, workshops and Q&A held by Defra and the EA as 'clear', 'straightforward' and 'useful'.

Survey responses (n=42) showed information sessions (83%) and other sources (81%) as more popular for gathering guidance than the NEIRF SharePoint (49%). A considerable majority of respondents (85-97%) found all three to be very or quite helpful.

Suggestions for improvement included making the webinars more interactive and a dedicated contact or helpline for specific enquiries.

Feedback to unsuccessful applicants

Some unsuccessful applicants expressed disappointment about receiving only generic feedback. Others reported receiving both generic and tailored feedback.

Of the 15 unsuccessful applications surveyed, 9 of these projects are now on hold.

This chapter outlines successful and unsuccessful applicant experiences and views of the application process. It includes organisations' rationale for applying, support and guidance offered to applicants, views on the application form and timescale, as well as how unsuccessful applicants have fared after Round 1 funding.

3.1 Applicant overview

A strong theme among grantees was that they had been thinking about their NEIRF project idea for some time, and NEIRF gave them the opportunity to develop it further and have it funded. Both successful and unsuccessful applicants described the NEIRF application process as a useful mechanism to scope, explore and build partnerships that may not have otherwise happened. For example one project had been looking for opportunities to monetise carbon sequestration in saltmarshes and NEIRF provided the funding to create a large multi-disciplinary partnership to develop a saltmarsh Code. Another grantee interviewed said the Fund gave them the opportunity to put processes for BNG into practice.

Fifty-five percent of Round 1 applicants (82) submitted applications scoring 60% or higher in Defra's scoring criteria. A theme among interviewees was that some organisations struggled to understand that NEIRF's focus is on creating profitable business models to unlock investment, compared to other grant schemes focusing purely on achieving environmental outcomes:

"[Environmental organisations] struggled to understand what the NEIRF was aiming to achieve. It's not the same kind of funding they usually go for. I think [the information] sessions were both from a process point of view but also: 'What is this funding programme even about?'" – Consultant

3.2 Support and guidance

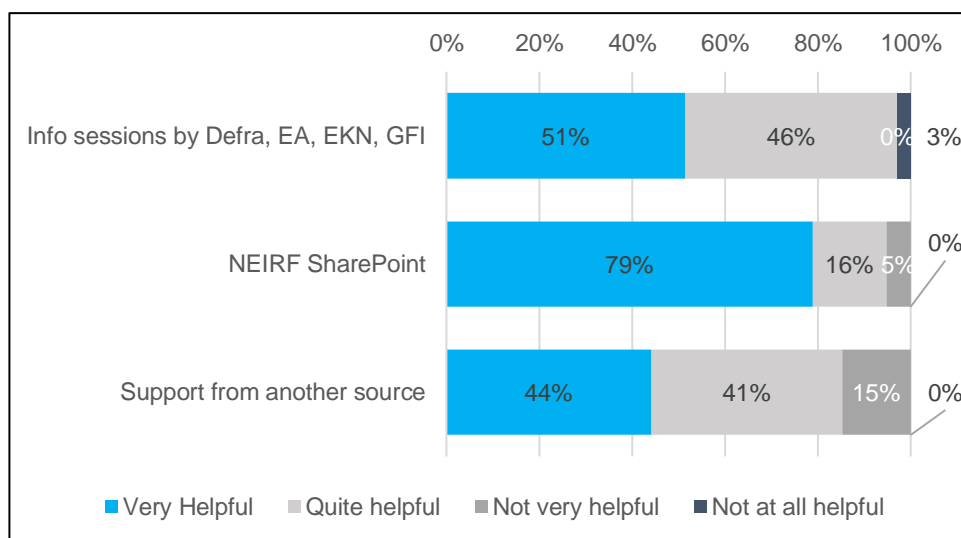
Both successful and unsuccessful applicants interviewed described information events, workshops and Q&A held by Defra, the EA, GFI and the Ecosystems Knowledge Network (EKN) as 'clear', 'straightforward' and 'useful'. Generally, applicants were pleased about how responsive Defra was to enquiries and found the SharePoint platform helpful to access and share information.

Minor suggestions for improvement included making the webinars more interactive and providing a dedicated contact or helpline to assist with specific elements of the application process.

These views were reflected in the survey, as shown in the Figure below. Nearly all applicants who attended the information sessions (97%) and all but one of those who accessed the SharePoint site rated them very or quite helpful, compared to 85% of those

who received support from another source. Interviewees mentioned financial consultants as a common source of external support in developing NEIRF proposals.

Figure 2. Applicant rating of support available during application



Source: Survey. Base=Info sessions (35), NEIRF SharePoint (19), Another source (34).

The information sessions and support from another source were accessed by more than four-fifth of applicants (83% and 81% respectively), compared to about half (49%) of all applicants accessing the NEIRF SharePoint site during the application process (n=42). Some grantees interviewed did not feel like they needed any help to develop their application and therefore did not use any of the support on offer. Others employed consultants to write the application and therefore did not need to access support from Defra/the EA.

A minor point among unsuccessful applicants was that they felt that ‘insider language’ was used at webinars and information events, with a view that some jargon around green finance was not fully understandable to outsiders, though they recognised they had no evidence to support this claim. One unsuccessful applicant described the different language used as the ‘clash of cultures’ between environment and finance communities interested in NEIRF.

3.3 Application form

The vast majority of applicants surveyed (83%) found the application form and guidance very or quite clear, compared to 14% who found it not very or not at all clear, and 2% who said they did not know (n=41). Perhaps unsurprisingly, nearly three in 10 (5) unsuccessful applicants rated the application form and guidance not very or not at all clear (n=17), compared to only one successful applicant (n=24).

Interviewees echoed the survey findings, with a strong theme being that the form was easy enough to follow and understand.

One unsuccessful applicant found various questions vague and unclear, for example regarding what could be considered 'innovation' in their proposal, which in their view made producing a high quality and tailored application more difficult. Generally, some applicants mentioned a need for more guidance on the level of detail expected per question and the types of things Defra wanted applicants to cover in each section.

A minor theme in interviews and in the survey was the application questions did not appear to have been well tailored to the focus of NEIRF. For some the format of the PDF template was difficult to work with. Examples of this were that answer boxes appeared to have overlapping purposes and did not accept as many characters as stated, text went missing when trying to format, and the form did not ask for detailed budget breakdowns. Additionally, some applicants interviewed would have preferred a shorter application form.

A minor theme among unsuccessful applicants was to suggest a brief Expression of Interest (EOI) stage to select a smaller number of applicants to submit the full application, in order to save time to both applicants who did not have a fundable proposal, and Defra/the EA.

3.4 Timeline

Applicants interviewed had mixed opinions about the six-week timeframe to develop and submit the application. Some felt that this was not enough time to write the bid alongside their other work, whilst others found it more generous than other funds. Interviewees also said that the timeframe between submitting the bid, at the end of March 2021, and finding out that they had been successful in July, was very long.

Time spent developing the proposal varied from one to two weeks, to up to six weeks of staff time. To prepare a proposal within the required timeframe, some grantees developed strategic partnerships or consortia.

A suggestion from unsuccessful applicants was to accept future proposals on a rolling basis, to allow applications to be submitted when ideas, models and proposals were fully fledged.

3.5 Feedback for unsuccessful applicants

The survey explored whether and **how unsuccessful applicants had progressed** their project ideas since finding out their NEIRF application had not been successful. Of the 15 unsuccessful applicants who answered this survey question, two said their project had received funding from other sources, two had applied for funding from elsewhere and were waiting to hear back, and two more were funding the project internally. Nearly two-thirds (9) said the project had been put on hold, and no-one said the project had been abandoned. The fact that two thirds of applicants had to put their projects on hold does

support the notion that NEIRF funding was necessary to progress the majority of these investment readiness projects. Ongoing research with successful and unsuccessful applicants will continue to explore whether unsuccessful applicants were successful in funding their investment readiness support, develop investible projects and access investment.

Additionally, one unsuccessful applicant had secured investment, and three were in conversations with potential investors, while three had not approached investors. About half of all unsuccessful applicants surveyed (8) reapplied for NEIRF in Round 2.

Unsuccessful applicants interviewed reported different experiences of **feedback on their proposals** from Defra. Various interviewees were disappointed to receive a standard rejection letter outlining the key reasons why overall some applications were not successful, rather than tailored feedback on their individual bid. Interviewees did not know whether their application was considered strong or weak and, in some cases, did not remember there was a scoring system to determine which proposals were funded. Other unsuccessful applicants interviewed said they received both a generic email and feedback specific to their application which gave them targeted areas for improvement for their Round 2 application. Defra notes that individual feedback was provided to applicants who requested it. This is potentially an issue, and Defra should provide the same level of feedback to all applicants, ideally tailored feedback to support stronger applications to Round 2.

Some unsuccessful applicants mentioned they would have liked more transparency on the decision-making process, including how bids were scored and how grants were awarded. They would have liked specific feedback and the opportunity to have a conversation with the scoring committee.

3.6 Conclusion

There was consensus among grantees that the information and support provided by Defra and the EA was useful and relevant and that the application form and guidance were clear. Unsuccessful applicants were also generally positive about the support, but some would have liked clearer guidance.

Among the unsuccessful applicants interviewed, some reported only receiving generic feedback, while others reported receiving generic as well as tailored feedback. Defra should provide tailored feedback to all applicants, particularly with a view of obtaining better quality applications in Round 2. Grantees' initial experiences of implementing their project and it compares to what they set out in their application is discussed in Chapter 5.

4. Overview of NEIRF projects

Summary

Funded organisations

NEIRF had 152 Round 1 applications, of which 29 were successful. Charities make up 55% of grantees despite being 31% of applicants. Conversely, private companies made up only 10% of successful bids, despite being the most common applicant type.

Habitat coverage

Many grantees are delivering activities in more than one ecosystem. Overall, more than three quarters of grantees are delivering projects in freshwater and wetlands (27 projects), woodland (27 projects) and/or enclosed farmland (25 projects)

Environmental ambition

Projects anticipate range of activities to enhance or restore nature, with the main areas of focus being woodland creation and biodiversity enhancement or creation. Others focus on nature-based solutions (NBS) to improve water availability, water quality and flood risk resilience. Projects seek to monetise a number of different ecosystems services (e.g. Natural Flood Management (NFM) and water quality) across a range of habitats, such as woodland, peatland, wetland and marine.

Project models

The proposals of successful organisations include 21 investible projects, seven market enablers, and one which is both. Investible projects are trying to monetise a range of opportunities including BNG, carbon/blue carbon, nutrient, and water credits and/or biodiversity and ecosystem services, often stacking or bundling these opportunities.

Innovation

There is a high level of innovation across successful projects. This includes setting up new comprehensive partnerships between stakeholders around a certain environmental opportunity. It also features new business models such as Environmental Impact Bonds and natural capital markets, instituting codes and platforms that enable new standards for environmental monetisation, scaling up pilots or models attempted elsewhere and creating projects that can apply at a landscape or even national level.

Investment needed

For most projects it is too early to estimate the level of initial investment they will need, and forecasting this future investment is often incorporated in their plans for the end of their NEIRF project. Others have used previous pilots or will use upcoming pilots to gauge the level of investment needed. Most are only in the early stages of talking to potential investors, as they want to do so when they can present a powerful business case.

Investors are likely to include companies who are anticipated to benefit from the interventions (e.g., reduced flood risk, ecosystems services and sequestered carbon), with a potential overlap between buyers and investors.

Defra received 152 applications for Round 1 of NEIRF, of which 29 were awarded funding. Grantees are delivering a wide range of projects, including investible projects and market enablers (see section 4.2.4 for more detail).

Investible projects include any project with a path towards generating revenue (from NBS or ecosystem services) and attracting private finance through a loan or private investment. Within this category are habitat banks, the creation of a wetland selling carbon credits (standard project), Funds and Environmental Impact Bonds (EIBs). Investible projects aim to monetise a range of opportunities including habitat banking to support BNG, carbon/blue carbon, nutrient, and water credits and/or biodiversity and ecosystem services, often planning to stack or bundle these opportunities.

Market enablers include any project that seeks to develop a market or create scale through the development of a platform or standard. Within this category are Codes/Standards (e.g. a saltmarsh and a hedgerow Code), market mechanisms and market infrastructure such as trading platforms.

NBS Nature Based Solutions or ecosystem services

Projects are being delivered at different scales (see section 4.2.2), ranging from individual sites to estates and catchments.

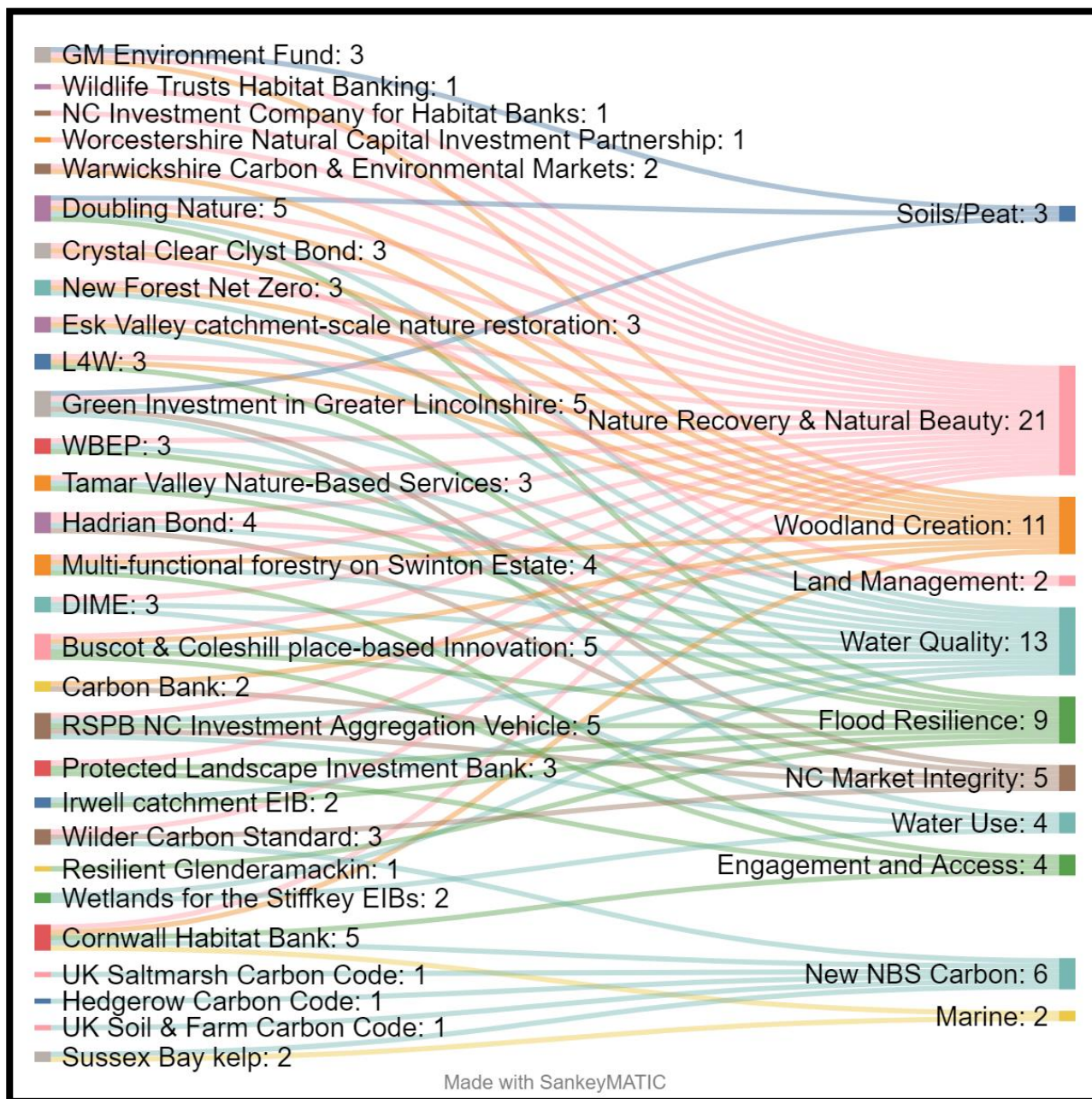
Investible projects are being delivered in a range of habitats (see section 4.2.3), such as woodland, heathland, and grasslands. Examples include woodland creation and flood management in North Yorkshire, monetising carbon offsets generated by restorative farming practices in Gloucestershire, and doubling woodland in Mersey Forest through planting and rewilding. Other projects are focussed upon enhancing wetlands, coastal habitats, and rivers, including the restoration of peatland in Greater Manchester and Kelp forests off Sussex Bay, and flood risk reduction and nature enhancement in the Lake District.

NEIRF funding is intended to develop investment models for natural capital. Elements of projects funded by NEIRF are initial technical and market readiness, including baseline surveys, condition assessments, scenario modelling, and financial analysis. For the majority of projects, NEIRF funding has enabled the development and establishment of new business models based on environmental and commercial outcomes. This includes a detailed exploration of the revenue streams available, approach to financing, the creation of an investment case, and initial investor engagement. The types of services funded are vast, from carbon sequestration, flood management and mitigation, to the reduction of phosphates and pollutants entering rivers.

4.1 Contribution to the 25YEP

Projects' environmental aims contribute towards the achievement of the 25-YEP, as illustrated in the Figure below.

Figure 3. NEIRF Round 1 project contribution to 25YEP areas of focus



Source: Ecorys, with data provided by Defra, using SankeyMATIC <https://sankeymatic.com/>

NEIRF projects are listed on the left of the diagram above, and the broad 25YEP areas of focus on the right. The numbers next to each NEIRF project indicates the number of 25YEP areas of focus it aims to directly enable, (once the project, which is developed by the NEIRF, is implemented), while the number next to each area of focus refers to the

number of projects that aim to contribute to it (see below an explanation of how the 25YEP outcomes have been defined). Additionally, this diagram does not reflect that the NEIRF projects may inform and influence a wider range of these policy ambitions and provide lessons for how policy areas may diversify funding sources to achieve them.

Below we have grouped together the areas of focus from the 25YEP to streamline the policy map and reduce complexity of the overlaps where we identified that projects were supporting a large number of outcomes.

Nature Recovery and Natural Beauty	<p>Most projects (21 out of 29) are directly supporting delivery of 'Nature Recovery and Natural Beauty', which encapsulates a wide range of 25YEP ambitions and includes NEIRF projects which:</p> <ul style="list-style-type: none"> • Support implementation of biodiversity net gain; • Help conserve and enhance natural beauty/ heritage features including designated geological sites and scheduled monuments; • Help protect and recover nature; and • Help deliver the Nature Recovery Network with the use of new and innovative funding mechanisms.
Woodland Creation	<p>Eleven NEIRF projects are flagged as supporting a range of 'Woodland Creation' 25 YEP ambitions by helping to expand woodland cover and help existing woodlands be better managed.</p>
Flood Resilience	<p>There are nine NEIRF projects that aim to support the government's 'Flood Resilience' ambitions by helping to reduce the risk from flooding and coastal erosion (with the use of natural flood management solutions), and also make the case for more sustainable drainage systems and help making 'at-risk' properties more resilient to flooding.</p>
Engagement and Access'	<p>'Engagement and Access' refers to NEIRF projects which seek to help develop green spaces to support people improve their health and wellbeing and enable wider engagement with the natural environment. Four projects aim to enable this area of the 25YEP.</p>
Water use and Water Quality	<p>Seventeen NEIRF projects support a range of 'water use' and 'water quality' ambitions respectively, in particular they hope to help use water more sustainably and reduce pollution, enhance and conserve the state of the water environment.</p>
Soils/Peat	<p>Three NEIRF 'Soils/Peat' projects aim to help improve soil health and restore and protect peatlands.</p>
Land management	<p>'Land management' refers to NEIRF projects which seek to improve land management by new, innovative funding and delivery mechanisms including private payments for ecosystem services. Two NEIRF projects aim to directly enable this (however as mentioned before there are many projects which will pilot on enclosed farmland and will therefore indirectly inform aspects of the new Environmental Land Management Schemes (see 4.3)).</p>

Marine	NEIRF ' Marine ' include two projects that seek to support wider ambitions to help achieve good environmental status of our seas.
NC Market Integrity and New NBS Carbon	Additionally, NEIRF projects seek to improve, build the integrity and optimisation of the Natural Capital Markets by supporting emerging markets in nature-based solutions (NC Market Integrity , five projects), and exploring the evidence base for new nature based carbon sinks (New NBS Carbon , six projects).
Urban/town greening'	We will also map NEIRF projects which support 'Urban/town greening' in particular how projects will help create greener towns and cities (although there are not any Round 1 projects, we have identified supporting this).

NEIRF also contributes to the aims of the Shared Outcomes Fund (as mentioned in Section 1.2) around using NBS to address climate change and biodiversity loss, and identify blended finance approaches.

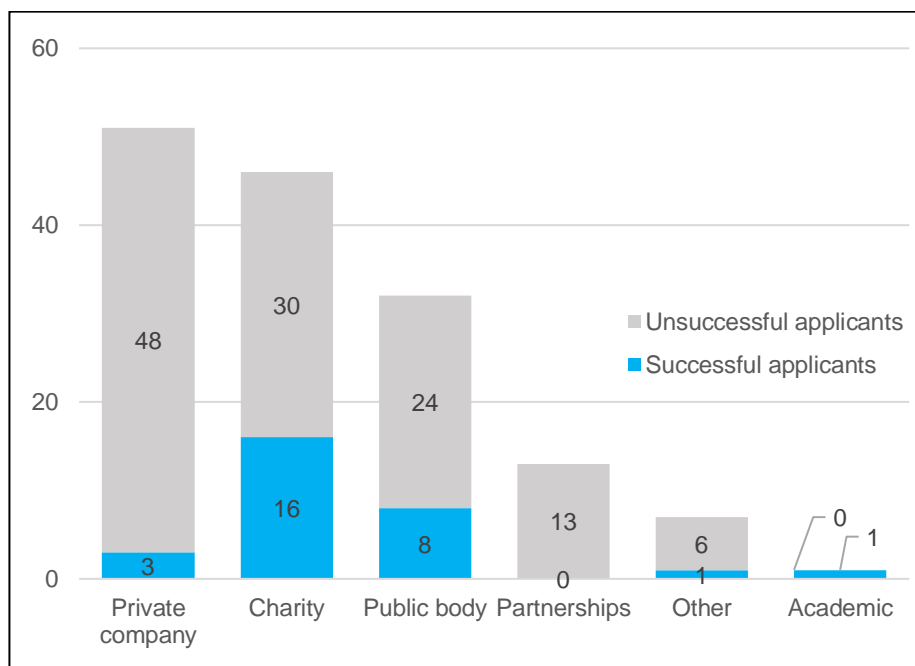
4.2 Project characteristics

This section outlines the main characteristics of Round 1 grantees. For more detailed summaries of each project please see Annex 2.

4.2.1 Type of organisation

Defra received applications from a **range of organisations**, including charities, public and private organisations, academic institutions and others. The graph below outlines the number of successful and unsuccessful applications per type of lead organisation.

Figure 4. Successful and unsuccessful NEIRF applicants by type of organisation



Source: NEIRF applications, Base: Successful applicants (29), Unsuccessful applicants (121)

More than half of Round 1 grants were allocated to third sector organisations, with 16 of 29 projects led by charities, even though less than one-third of all applications (31%) were from charities. Only about one in 10 (3 of 29) successful NEIRF applications were from private companies, although around one-third (34%) of overall applicants were private companies. Among the 26 grantees that were not private organisations, the vast majority (20) had at least one private organisation or stakeholder among the project delivery partners. There was a wide range of private sector partners involved, including local landowners, social enterprise Finance Earth, development consultancy Pegasus Group, regeneration business Peel L&P, property consultants Fisher German, supply chain partners Kellogg's and Nestle, Triodos bank, Anglian Water, and others. The proportion of successful applications from public bodies broadly reflected the total number received.

Partnerships made up 9% of all applications, and none were successful. It is worth noting that a number of grantees are delivering projects through partnerships, with a clear lead organisation which may have provided greater assurance around delivery capabilities.

Some interviewees reflected that private organisations may have been disincentivised from applying for NEIRF due to the condition of application that all proposals would be made publicly available, and businesses may be reluctant to publicly share their business ideas. A theme among unsuccessful applicants was that they would have liked more clarity on the extent to which their proposals would be covered by intellectual property rights. However, Defra had communicated to prospective applicants that commercially sensitive information and Intellectual Property Rights would be protected and shared the standard government grant terms stating this. The number of applications received from private companies was the highest among all organisation types, suggesting that actually the grant conditions were acceptable to them.

The amount of funding awarded ranged from £59,000 to £100,000, with an average grant of just under £92,000. Successful applicants applied for grants that were on average 18% larger than unsuccessful applicants.

4.2.2 Scale

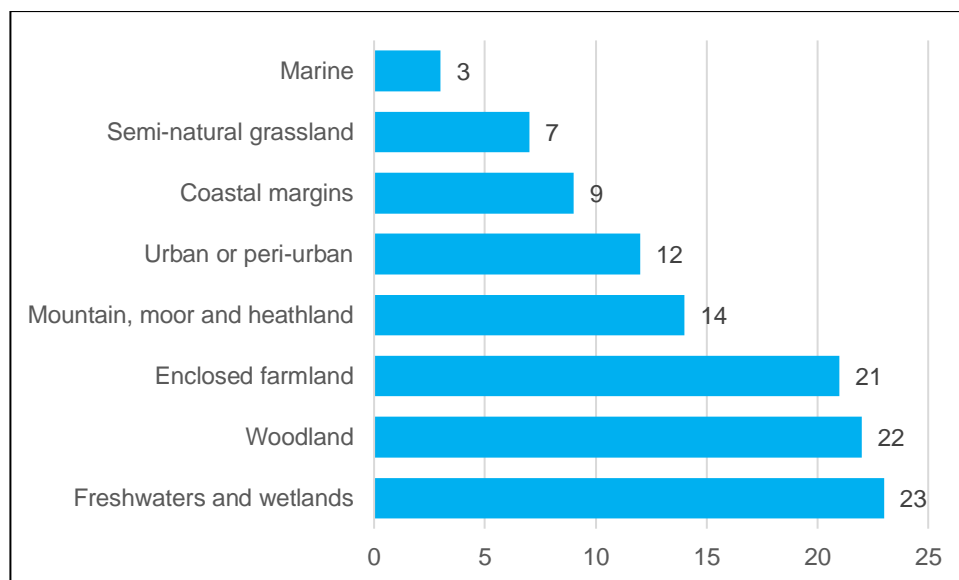
The scale of projects varies across NEIRF grantees, including individual sites (12 projects), catchments (seven projects), estates (one project), and landscapes (two projects).¹³ Additionally, two projects have not specified the scale of implementation.

The area covered by NEIRF projects ranged from piloting or scoping the smallest area of 0.2km² to the largest project area of over 274.6km². The average area size is 75.7km². Six projects did not provide an estimate of the area they would cover.

4.2.3 Habitat

NEIRF projects are being delivered across a range of **habitats**, as shown in the Figure below.

Figure 5. NEIRF Round 1 project habitats¹⁴



Source: NEIRF applications. Base=29.

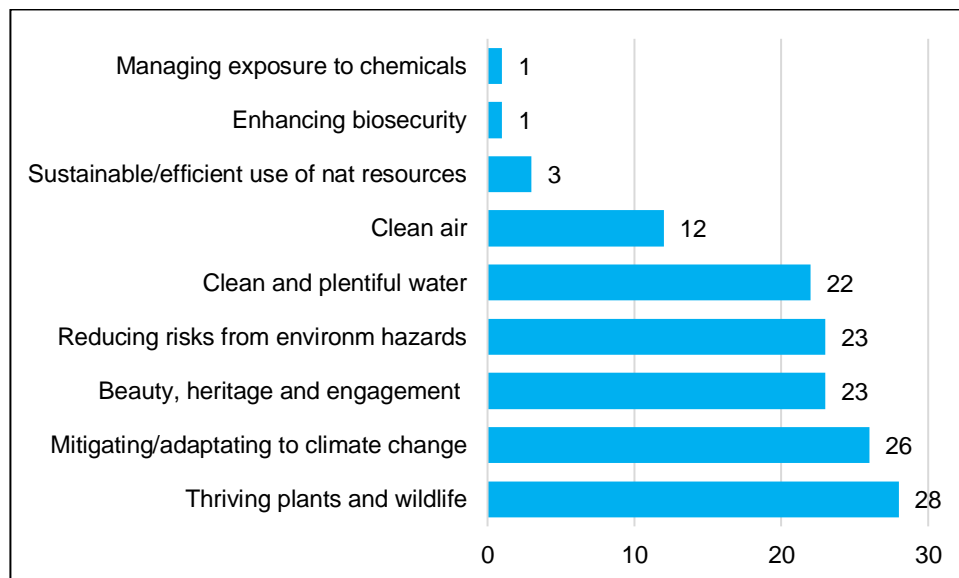
¹³ The total number is greater than 29 as two projects are being delivered at catchment and landscape scale, and one project is being delivered at individual site and catchment scale

¹⁴ The total number is greater than 29 as 23 projects are working in more than one habitat

More than three quarters of grantees are delivering projects in freshwaters and wetlands (23 projects) or woodland (22 projects), closely followed by enclosed farmland (21 projects). On average projects are working in 4.2 habitats, with the highest number of habitats being eight, and the lowest one. Overall, six projects are working in one habitat, and 23 are working in multiple habitats.

Projects are contributing to a range of 25YEP goals (shown in the Figure below) across the different habitats where activities are being delivered. This is drawn from applications into the Fund, and so would be tested once business cases for investment businesses are finalised. The vast majority of projects are working towards thriving plants and wildlife; mitigating and adapting to climate change; enhancing beauty, heritage and engagement with the natural environment; reducing the risk of harm from environmental; and clean and plentiful water.

Figure 6. 25YEP goals of NEIRF projects (as stated in application forms)



Source: NEIRF applications. Base=29.

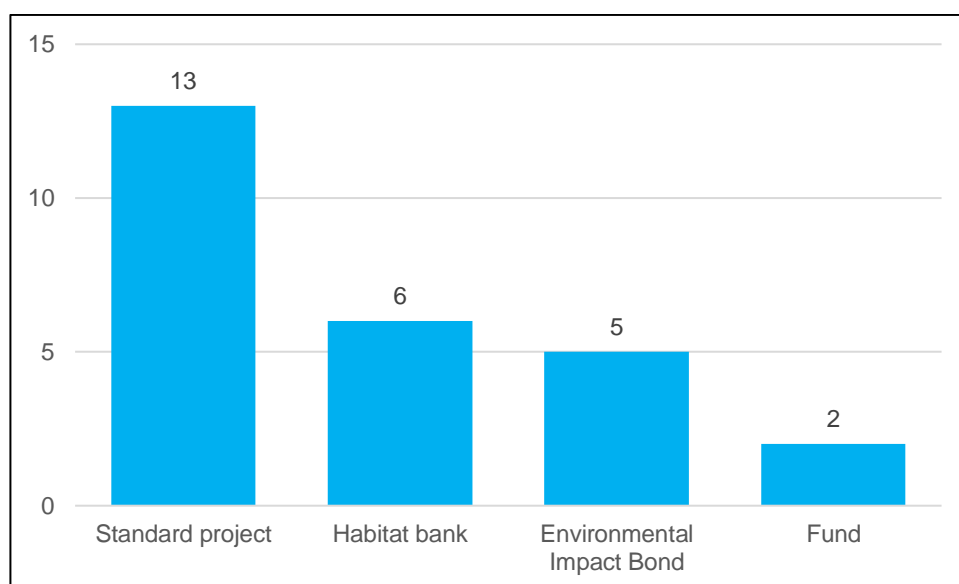
4.2.4 Project models and characteristics

Organisations receiving grant funding are delivering a range of **project models**, including:

- 21 investible projects, including 13 standard projects, six habitat banks, five EIBs and two Funds (as shown in Figure 7 below).

- 7 market enablers, of which five are Codes/Standards and four are aggregator vehicles/platforms¹⁵
- 1 which is both an investible project (standard project) and a market enabler (aggregator vehicle/platform).

Figure 7. NEIRF Round 1 investible project characteristics¹⁶



Source: NEIRF applications. Base=22.

4.2.5 Ecosystem services

Investible projects seek to monetise a number of different **ecosystems services** (e.g. NFM and water quality) across a range of habitats woodland, peatland, wetland, marine. Of these projects, four plan to monetise one ecosystem service, two aim to monetise two ecosystem services, and 17 aim to monetise multiple ecosystem services.

¹⁵ The total number is greater than seven as some projects are both Codes and aggregator vehicles

¹⁶ The total number is greater than 22 because some projects have more than one characteristic

4.3 Revenue models

For most investible projects, revenues will be generated through the **production and/or sale of BNG units, carbon and water credits**. Others will seek to obtain investment which will be repaid through the sale of **blue carbon or nutrient credits**. Based on project proposals, possible buyers include businesses wanting to meet their Corporate Social Responsibility goals or, developers and infrastructure companies complying with the Environment Act 2021. Investors are likely to include companies who are anticipated to benefit from the ecosystem services that arise from interventions (e.g. reduced flood risk, sequestered carbon, etc). For example, water companies, insurance companies, or local businesses. Some projects expect to see an overlap between investors and buyers. It is also worth noting that, at this stage, there may be some confusion among grantees between investors and buyers.

Projects selling more than one ecosystem service will stack and/or bundle their services. Interviewees mentioned waiting for national guidance on stacking and bundling before finalising their approach to selling multiple ecosystem services. However, projects that are stacking and/or bundling ecosystem services will need to abide by current market rules. Some projects will also combine revenue streams by combining the sale of ecosystem services which can be sold as discrete units (e.g. BNG, Carbon) and those associated with delivery of an outcomes (e.g. water quantity management).

For example, one project is stacking BNG, carbon credits or water quality and reduced flooding impact and frequency. Another project is exploring revenue via biodiversity Units blended with additional services such as flood risk and water treatment cost reductions, licencing and environmental permit breaches, with potential for government subsidy through ELM. Overall, 11 projects are exploring how to integrate their activities with at least one ELM scheme. Of these, nine are considering Local Nature Recovery, seven are looking into Landscape Recovery, and six are exploring the Sustainable Farming Incentive.

4.4 Use of grant funding

To date, most projects have spent their grants on **set up activities** and tasks to establish project baselines. This has included hiring staff, such as consultants to support with scientific evidence, analysts to assist with data analysis and GIS mapping, and legal advice. Grant money has also been spent on conducting literature reviews, reviewing both UK and international Codes and standards, with a view to determining if anything can be learnt from existing international codes, such as the blue Carbon Code currently being developed in Australia. For a few projects, for example the Cornwall Area of Natural Beauty (AONB), NEIRF funded “structuring stage” activities after the “discovery stage” had been completed.

As part of establishing baseline measures, project staff have undertaken surveys of their project sites to determine their current biodiversity status and natural capital value. One project conducted a land survey to identify areas suitable for woodland creation and enable baseline biodiversity and water catchment assessments at potential sites, allowing project developers to audit and value woodland ecosystem services.

Some projects have also begun developing **forecasting and income models** to determine the number of biodiversity and/or carbon credit units included within site locations, and to provide estimates of the potential income from the sale of resulting credits. This modelling has included reviews of the current market values of carbon sequestration and future expected prices. For example, for the creation of a hedgerow carbon code, NEIRF grant funding has been used to create a matrix which allows the carbon stored in a hedge to be calculated.

While projects are at different stages in the modelling process, the majority appear to be going through a period of testing and refinement, including running different scenarios to determine the most appropriate financial model. Projects that are at a later stage in their investment readiness journey, have used the funding to build capacity and **engage with equity finance and investors** for the first time.

Finally, projects have spent grant money on developing their **communications plans** and identifying and engaging key stakeholders. Activities such as stakeholder mapping, website and social media platform development, and stakeholder workshops/interviews have been undertaken and are ongoing.

4.5 Project management and governance

4.5.1 Structure of funded activities

Project structures vary, with some projects being managed and delivered by one organisations, others being led by an organisation supported by external consultants, typically with financial expertise, and other still including multiple partners involved in different elements of delivery.

One grantee described managing their project entirely in-house through a small NEIRF project team who report back to the project lead, as a means of reducing project risk:

"What we wanted to do was keep all of the experience in-house as far as possible. We could have employed consultants, but whenever the project reaches fruition suddenly you've lost all of that knowledge and all of that ability." – Project lead In some cases, projects included all stakeholders involved in the NEIRF project in their governing body, to ensure the project is delivered as planned, and achieves its intended outcomes:

"We wanted to include people that we knew would have really useful and relevant expertise and knowledge about the subject area... We specifically didn't want the

steering group to be just a place that we went and reported to. We wanted people who could actually feedback and give us direction and useful information, so that's been really good." – Project lead

Projects interviewed tended to have regular meetings to review progress against timelines, in some cases also sharing updates with advisory boards and steering groups. Based on the application forms, a number of projects delivered by partnerships set up Project Boards with representatives from each of the organisations involved. Project Boards' responsibilities range from overseeing and signing off the application, attending regular meetings to monitor progress against the workplan, and reviewing outcomes and risks.

4.5.2 Structure of revenue-generating activities

Grantees are also establishing governance structures for the revenue-generating activities they plan to establish as a result of NEIRF funding. Structures outlined in proposals vary across projects, but can be broadly categorised as follows:

- **Natural Capital Investment Companies (NCICs)**, such as a project aiming to attract investment at scale in habitat banking, to be repaid through revenue generated through BNG units and potentially complementary NFM and carbon credits; or **Natural Capital Investment Partnerships**, for example a project seeking to generate revenue via biodiversity units and additional services such as flood risk reduction and water treatment cost reduction, licencing and permit breaches.
- **Special Purpose Vehicles (SPVs)**. For example, one project is entering into contracts with landowners to aggregate water quality and quantity, carbon and biodiversity benefits into investment opportunities for public, private and philanthropic investors.
- **Aggregation Vehicles**, such as an RSPB vehicle and investment fund aiming to generate revenue through sales of BNG and carbon credits at significant scale.

4.6 Innovation

Within the application forms, all projects describe their activities as innovative in some way. Most projects are pioneering approaches which are innovative either for their regions or nationally. Some projects are built upon **new partnerships**, for example bringing together, for the first time, four Wildlife Trusts to meet demand for BNG credits through a new habitat banking investment model (The Wildlife Trusts' Habitat Banking Investment Model). Many projects are undertaking **environmental work not seen on this scale before**, for example the Natural Capital Investment Company is developing a new way of providing dedicated capacity to scale up habitat restoration in Worthing and West Sussex.

Certain projects are pioneering new Carbon Codes and market enablers. This includes the development of a business case for a UK Saltmarsh Carbon code, which aims to fill a major gap in the carbon market by capitalising upon saltmarsh restoration projects. The Sussex Bay Kelp Project's Carbon Code for kelp is claimed, by project developers, to be highly innovative for the sector. While a Hedgerow Carbon Code is not yet standardised in the UK, one NEIRF funded project is breaking ground by piloting it alongside an innovative *Landuse* App to measure hedgerow carbon, thereby establishing a new, trusted hedgerow carbon market. Greater Manchester is also testing the stacking of income from both BNG and Carbon in a unique inner-city peatland site, which the applicants describe as a landscape of "huge untapped potential".

New business models are being developed across all projects. Natural capital markets and Environmental Impact Bonds are relatively recent mechanisms to fund environmental or nature restoration projects, which signal a new era of natural capital accounting and polluter-pays legislation, under which there are increasing opportunities to sell ecological outcomes from regenerative impact projects and share the risk with the private sector.

In some cases, NEIRF grants have served to catalyse projects which were in previously in development stages. Prior to NEIRF funding, Warwickshire County Council had already created a nationally acclaimed BNG market that has generated over £4 million since 2015; this early market engagement led project developers to realise that BNG markets were limited, and that more development would be needed in order to reach environmental goals. The project is using NEIRF funding to develop and establish carbon and other ecosystem service markets, building upon their existing market knowledge.

The Financing Wetlands for Stiffkey EIB is also built on 12 months of development from Finance Earth, exploring the application of EIBs for utilities and developers to deliver integrated constructed wetlands¹⁷. Similarly, the Protected Landscapes Cornwall AONB project builds on the Farming for the Nation test trial completed in June 2021, which demonstrated the project's potential. A Landscape Management Framework also indicated the ecosystem services on-farm that could be realised with adequate

¹⁷ Constructed wetlands are engineered systems that use natural functions vegetation, soil, and organisms to provide secondary treatment to wastewater.

investment. For this project, applicants state that their test trials acted as the “discovery stage” and that the NEIRF project is the “structuring stage”.

Some projects are modelled on **approaches already taken elsewhere**. For example, the Resilient Glendermackin project, aimed at reducing flood risk in Keswick and restoring nature in the Lake District National Park, uses learning from a similar but smaller scale investment funded natural flood management (NFM) project in the Wyre catchment, and builds upon the lead applicant’s previous experience. It will be the first commercially viable NFM project on a large scale in the Lake District.

4.7 Investment needed

For most projects it is **too early to estimate the level of initial investment** they will need. Many projects are still developing models to estimate revenue generation expected beyond the grant period, quantifying the market, and implementing the first stages of their project. Others are finalising the costs of research and trials, which will determine the levels of investment required.

Many projects will calculate the amount of investment needed as part of their **economic modelling** towards the end of the NEIRF-funded project. The level of finance needed may also be dependent on project location and for projects involving habitat creation and restoration, the cost of the restoration required to meet the minimum mandate.

Some grantees know exactly how much investment they are seeking to attract for pilot sites during the first 12 months and will use financial analyses of the pilot sites to determine the level of investment needed in the longer term. This analysis will reveal the investment needed, investor groups targeted and a suitable structure to cover capital expenditure and ongoing maintenance costs.

Some projects have been able to estimate the scale of investment needed based on pilot site specifics. For example, one project is currently estimating the size of its pilot site and assuming industry figures of £50,000/ha restoration costs as a guide. This has led to a ballpark figure of £1-2.5 million total investment required. Further work will explore the exact amount of investment required, to inform the business plan.

Additionally, a few projects included the exact amount of investment they will require in their proposal. The range of upfront investment needed is vast, from £104,000 to around £8 million. In some cases, initial conversations with investors are influencing the amount of investment initially sought.

4.8 Conclusion

NEIRF projects are supporting a number of goals in the 25YEP, with most focusing on nature recovery and natural beauty, woodland creation and water quality. Overall NEIRF

is funding a wide range of project models and characteristics, led by a variety of organisation types, working in different habitats, and aiming to monetise different environmental service.

Projects demonstrate a genuine level of innovation both in their approaches to NBS and in their financial models and investment approaches. There was variance between successful and unsuccessful perceptions of the application process and in how far it facilitated good quality bids, which is explored in more detail in Chapter 4.

5. Project implementation

Summary

Implementation support

- A considerable majority of grantees described the support from Defra/EA as quite or very helpful. Support included SharePoint, MS Teams, webinars and 1-to-1s.
- Grantees were generally positive about the flexibility of NEIRF as it is an exploratory fund, although some noted even greater flexibility would be welcomed.

Reporting requirements

- Three-quarters of survey respondents agreed or strongly agreed that reporting requirements were clear and proportionate, and that the grant claims processes were clear and easy to use.
- Some grantees felt that the reporting systems and spreadsheets were onerous and added an administrative burden, particularly for those involved in multiple projects.

Project delivery

- Both interviews and mid-point reports showed that projects are largely on track to deliver according to their milestones, with survey respondents (n=24) reporting their projects had been implemented as planned to a great (9) or to some extent (13).
- Most grantees surveyed (20 out of 24) agreed or strongly agreed that they had sufficient resources, including financial and staff, to deliver their project as planned.

Enablers and barriers

- Defra/EA's support and sharing lessons between projects were described as enablers.
- Barriers mentioned by interviewees included delays in policymaking, uncertainty around NBS market developments, recruitment challenges and legal costs.

Community of Practice (CoP)

- Among survey respondents (n=24), 19 had attended CoP events and 18 of these found them either quite or very helpful for their projects.
- Grantees interviewed emphasised the value of peer learning between NEIRF projects, and suggesting dedicating more time to discussions rather than presentations.

Value for Money

- Funds have mainly been spent on project set up activities and tasks to establish project baselines, initial research, recruitment and planning.
- Projects have demonstrated a willingness to use money effectively, for example competitively tendering for consultants, rearranging workstreams if they face delays and adding value by information sharing/publishing.
- Few projects have deviated from their original budget, though most projects (20 out of 29) have submitted budget variation requests due to initial project delays.

This chapter summarises findings on grantees' experiences of delivering their NEIRF funded projects to-date (i.e. up to 18 February 2022). It covers project implementation, including support from Defra and the EA, reporting requirements, enablers and barriers, and engagement with the Community of Practice (CoP). The chapter also includes early findings from the Value for Money evaluation, specifically uses of grant funding, grant effectiveness and the extent to which projects have deviated from the original budget.

5.1 Project delivery

Project leads and consultants interviewed described good early progress in project implementation, and both interviews and mid-point reports showed that projects are largely on track so far to deliver according to their milestones. The vast majority of survey respondents said that their project had been implemented as planned to a great extent (9) or to some extent (13) (n=24). Two respondents said their project has been implemented as planned to a limited extent; in both cases there were a number of reasons for the changes in their project delivery, including policy drivers, investment opportunities, partnership issues and changes in timelines. This was confirmed by the fact that all but one survey respondents (23) said that they were effectively monitoring their project's progress towards outcomes (n=24).

Interview data shows that initial activities varied considerably across projects, and included information gathering to refine project scope and objectives, forming or consolidating partnerships, and scoping out policy areas and investment opportunities. Some had started to assess site restorations costs, which will then feed into investment models. Others had already developed initial models both for nature restoration and for investment and were testing different iterations of the model.

Mid-point reports and interviews revealed that some projects experienced delayed starts, partly due to the initial delay in the grant being disbursed, but all were confident that they would be able to achieve their planned outcomes within the project timescales.

The majority of grantees surveyed (20 out of 24) agreed or strongly agreed that they had sufficient resources, including financial and staff, to deliver their project as planned. Four respondents disagreed, for reasons including that they unexpectedly needed additional resources, that they had faced difficulties in the early stages of the project to recruit and retain staff, and that more funding would lead to a better quality project.

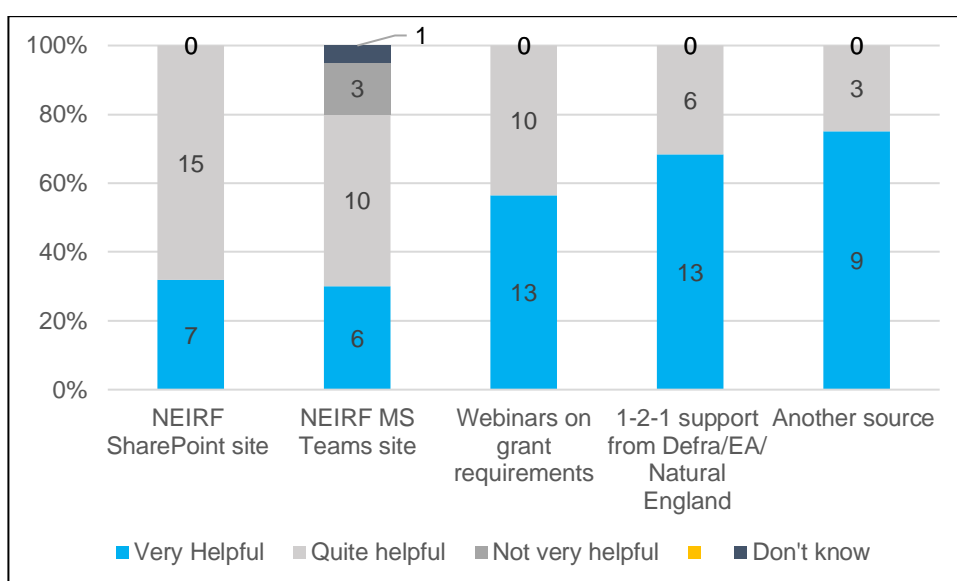
5.2 Implementation support

NEIRF grantees are offered **wide ranging support from Defra, the EA and Natural England** throughout project implementation, including a NEIRF SharePoint site and dedicated MS Teams site, webinars on grant requirements (e.g. claim forms, evaluation,

reporting) one-to-one telephone and email support from project advisors, and a CoP to network and share learning.

In interviews and the survey, grantees were very positive about the various elements of support and guidance provided by Defra and the EA, as shown in Figure 8 below. All grantees surveyed agreed (13) or strongly agreed (7) that they had sufficient support from Defra, the EA and Natural England to deliver their project as planned (n=20). Specifically, they overwhelmingly found each element of the support provided helpful, as shown in the Table below. Everyone who had accessed the SharePoint site, webinars, one-to-one support and support from another source rated it very or quite helpful, compared to more than three-quarters of those who had used the MS Teams site.

Figure 8. NEIRF grantee rating of support during project implementation



Source: Survey.

Base= NEIRF SharePoint site (22), NEIRF MS Teams site (20), Webinars (23), 1-2-1 support from Defra/EA/Natural England (19), Another source (34).

Interviewees particularly appreciated having a dedicated support person at the EA who brings specific thematic knowledge and gives the project opportunities to make recommendations about policy directly to the EA, as well as feedback on the Fund. The only minor criticism was around the late notice given for workshops and other meetings:

“The EA and NEIRF team have done an excellent job in supporting large projects such as ours get off the ground and ensuring we understand the project reporting, claiming and variation programme. [...] My only slight, and it is slight, criticism is about the appointments coming out for various webinars/workshops quite late notice. We all have busy calendars, so earlier the better to get free space to attend. But as they are recorded we can watch them back. So far, my experience is a very well run 'ship'!” – Survey respondent

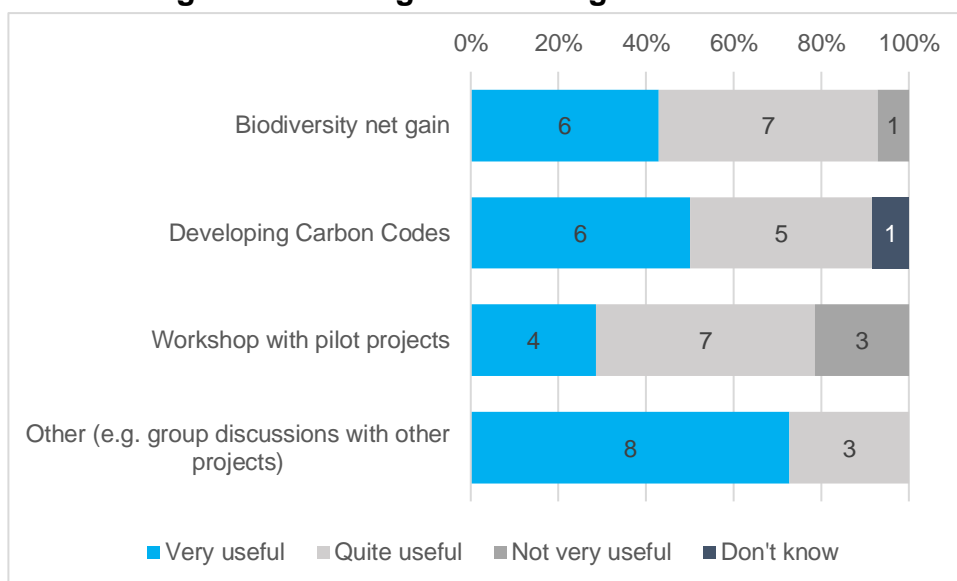
Grantees were generally **positive about the way the Fund is structured**. Interviewees welcomed the reassurance given by Defra that NEIRF would support exploratory projects to identify future opportunities, and the flexibility that has come with it (with some stating that they would have liked even greater flexibility and ambition). Survey respondents appreciated that NEIRF allowed projects to recruit staff and set up project management protocols as part of the funded activities. Grantees were also given time to adjust plans where they changed between the application being submitted and the grant being awarded.

5.2.1 Community of Practice

The Community of Practice (CoP) is made up of grantees and other stakeholders, including Defra, the EA, Natural England, EKN, GFI and others. The community of practice has received additional resource from the Esmée Fairbairn Foundation and is also engaging with projects from other UK administrations. It provides opportunities for networking and sharing learning among projects, through formal and informal events. More than three quarters (19 out of 24) of grantees surveyed had taken part in at least one CoP events. The most common reasons for not taking part in CoP events was being too busy, other reasons were not knowing about them, and that the time of the events was inconvenient. Some who had not yet engaged with the CoP were planning to do so in the future.

All but one (17 out of 18 survey respondents who had engaged with the CoP rated it very or quite helpful. Overall, grantees surveyed found the CoP events held since NEIRF was launched useful, as shows in the Figure below.

Figure 9. NEIRF grantee rating of CoP events



Source: Survey. Base=Developing Carbon Codes (12), Workshop (14), BNG (14), Other (11)

Interviewees and responses to open text survey questions were also generally positive about the CoP. Grantees valued being able to learn from people who were implementing similar projects to theirs. They said the events were useful and generated interesting conversations. The main suggestion for improvement was to ensure enough time was allocated to Q&A:

"We had a really good [session] the other day about BNG, where genuinely lots of things came up that were great, and people were starting to feed in and getting answers from policy. And so I think the Community of Practice in terms of [bringing] organisations together, it's great that it's part of a programme. Hopefully it can continue to grow. [...] The only feedback I [want to] give to event organisers is to keep making sure there's lots of time for Q&A, 'cause that's where the really interesting things come up." – Consultant

However, some grantees felt that projects did not have much to share in the first sessions, or found it difficult to understand which of the many NEIRF events were essential to attend. They also would have liked more time to interact with each other rather than mainly listen to presentations:

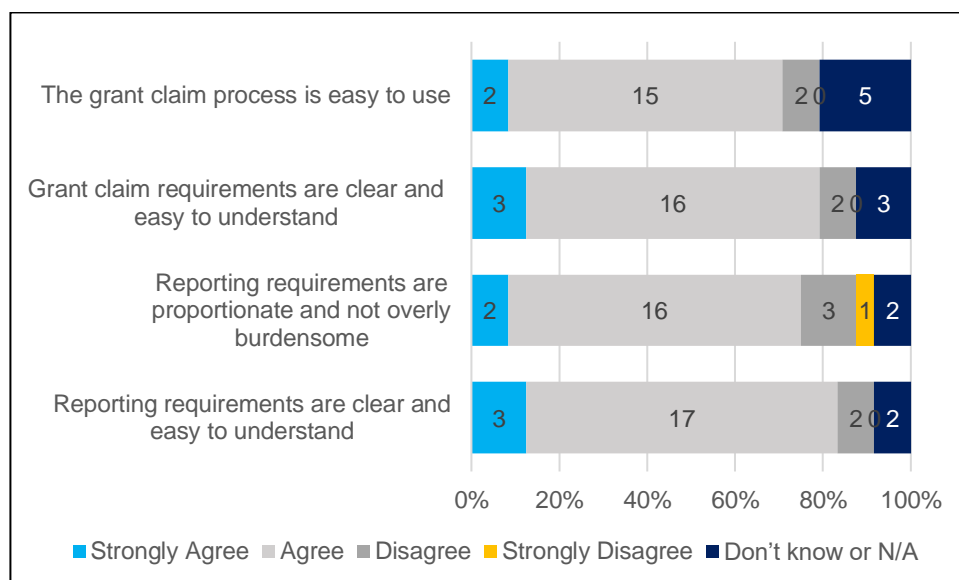
"The webinars I've attended don't seem to go too deep, and there's limited opportunity for conversation. I feel like the BNG session could have had better case study presentations [...]. I feel like some very strong facilitation is needed to open up the Community and have some deeper conversations about some of the challenges we are facing." – Survey respondent

A theme from interviews was that CoP and other NEIRF-related events required significantly more time than expected, and grantees would have liked to have this information in advance to budget and plan for it. Additional feedback relates to the online nature of the CoPs and the technical difficulties that sometime arise in running online meetings. On the other hand, the fact that meetings are often recorded means that stakeholders can watch them at a later date if they wish. With Covid-19 restrictions easing, there may be opportunities to hold in-person CoP events, which would facilitate interaction and networking among grantees. Peer Learning Activities (PLAs) involving site visits could also offer valuable learning and exchange opportunities.

5.2.2 Reporting requirements

Survey respondents were asked to rate different elements of the reporting requirements and claims, as shown in the Figure below.

Figure 10. NEIRF project rating of aspects of reporting



Source: Survey. Base=24

Overall, projects were positive about reporting requirements. Most (20 out of 24) agreed or strongly agreed that reporting requirements are easy to understand, and three-quarters (18) agreed or strongly agreed that reporting requirements are proportionate and not overly burdensome. Respondents were also satisfied with the grant claims process, with more than three-quarters (19) agreeing or strongly agreeing that the grant claim requirements are clear and easy to understand, and more than two-thirds (17) agreeing or strongly agreeing that the grant claim process is easy to use.

Survey respondents mentioned that they appreciated that reporting and claim timelines were linked to project outputs rather than set at an arbitrary point in time, and everything was explained clearly through webinars and guidance at the outset.

Conversely, a minor theme among survey responses was that the reporting systems was onerous, particularly for organisations involved in more than one project. One respondent mentioned specifically that the variation request process created an administrative burden, and they would like more flexibility. Another suggested regular check-in calls with a short written update instead of multiple spreadsheets.

Interviewees had **mixed opinions** about the self-assessment tools. Some found it a useful monitoring tool, and easy to use:

"I think it actually is quite useful. It was quite easy and not too much detail, and you could put in what you wanted" - Interviewee

Others described it as a 'tick-box exercise' or said they did not like the layout or felt the categories in the tool did not fit the project. However, they noted that the comment boxes helped to clarify their project aims and activities. A theme was that in some cases project

delivery approaches will change throughout project implementation. Where outcomes change, it may be difficult to track progress over time. However, this has not been an issue so far.

5.3 Enablers and barriers

Interviewees described the **support received by Defra and the EA** as a strong enabling mechanism to the delivery of their projects, as mentioned previously. The opportunity to **share lessons learnt** with other grantees was also described as a key enabler:

"I've been really impressed with the amount of support that we're getting from the Environment Agency and Defra: the SharePoint website, all the webinars, the Community of Practice work they're setting up and supporting. I've not experienced anything like that before, and it's actually been really good. [...] And that's sort of driving the contact we're having with other NEIRF funded projects [...] in those interactive webinars and Community of Practice groups." – Project lead

A major theme among interviewees was that one of the main barriers in delivering projects have been Government-level **delays in policy and decision making** in key areas relevant related to NEIRF projects, for example, approval of the Environment Bill by Parliament and the ongoing public consultation on Biodiversity Net Gain Regulations and Implementation.¹⁸ Delays in such high level decisions have meant that some projects have not been able to design long-term business plans or develop Carbon Codes at the pace they would have liked:

"The Environment Bill was delayed, and we don't know a lot of the regulation around site registration for habitat banking: is there going to be a biodiversity net unit pricing? Can we start work now and still register the site? So there's lots of policy things to be worked out. Consultation apparently isn't coming out until January [2022], so we don't know the answers to that from a BNG perspective. And then on the carbon side, we know that the peatland Code is being adapted to

¹⁸ <https://consult.defra.gov.uk/defra-net-gain-consultation-team/consultation-on-biodiversity-net-gain-regulations/> The consultation is due to close on 5 April 2022.

suit lowland habitat, that was meant to happen in the Autumn [2021], we've now been told that will be in Spring [2022], [...] so it just shows the complexity of the policy – moving the time frames along with the actual design.” – Consultant (interviewed in December 2021).

These delays in policymaking have had **knock on effects** in terms of developing business models and attracting buyers and investors:

“It has been difficult to design a long-term business model without clarity and assurance of the mechanisms that will ultimately govern and finance it.” – Mid-point report

However, some grantees valued that policy was being developed in parallel to NEIRF project delivery as this presented an opportunity to influence and shape policy:

“Policy timelines have been really challenging [...], which feels frustrating that it could delay the work that we're doing, but at the same time I think that's the point of the NEIRF projects: piloting these things alongside policy being created so that they are challenging them.” – Consultant

A few projects expressed concerns around future **policy and legislation regulating carbon markets** as well as **uncertainty about how the NBS market will develop**, and related difficulties in convincing other stakeholders to participate and invest:

“There is pervasive sense amongst stakeholders of there being a bit of a chicken and egg problem whereby multiple subjects of uncertainty (levels of supply/demand, verification/measurement, policy around stacking/bundling & additionality (especially ELMS), future market regulation and prices (both carbon and BNG)) are compounding one another.” – Mid-point report

One project lead said there was some nervousness in the carbon Code communities around government-level discussions on whether carbon offsets could be included in countries' inventories, as well as how carbon credits between countries would be regulated. Another interviewee said the main challenge in trading carbon credits is uncertainty. While the price they were quoted had gone up by 400% in the last year, they had not transacted at that rate and were conscious that buyers and investors have to feel very confident of the estimated carbon yield to invest or purchase offsets.

The extent of this problem varies according to the type of project and the degree to which it is breaking new ground. Some projects operate in policy areas where there is a more general understanding of what the project is trying to achieve and what the monetary benefits might be, e.g. planting trees for carbon credits, whereas this is not clear in other sectors, e.g. use of saltmarshes as carbon sinks. As a result, many projects have spent time and effort, not originally envisaged, on communications and awareness-raising activities amongst their target audiences.

A minor barrier has been short **delays in setting up projects**. This has been due to factors such as initial funding being confirmed later than expected, delays in signing contracts with project partners, and limited staff availability due to both illness and recruitment challenged. For example, one project had been struggling to hire a data analyst and had to repurpose another staff member from other work, which was negatively affected. Mid-point reports shows that projects also requested funding to be delayed due to unanticipated complexity in gathering data and information, leading to activities such as baseline and financial modelling taking longer than initially anticipated. Although these initial delays have led to funding being moved back and, in some cases, have had knock on effects for subsequent project task, projects still estimate that the objectives they outlined in their initial proposals will be achieved within the NEIRF project timeframe.

A theme among survey respondents was the **legal costs** involved in their process were substantial and would have been a real barrier without NEIRF funding. Permit regulations, legal and political barriers were described as a challenge. Additionally, the uncertainty around policy led some projects to delay obtaining legal advice. One grantee hoped that in the future Defra, the EA and Natural England would use the experience of NEIRF to address the bureaucracy and political barriers to delivering NBS projects:

“The expense of the generation of legal and financial frameworks and processes has been extensive, and I would hope that Defra, EA and Natural England can utilise this to address the overbearing bureaucracy and political barriers that are slowing the advancement of NBS projects that are vital to UK plc meeting its green targets in its contribution to tackling world threats.” – Survey respondent

We’re aware that there are a number of other areas of uncertainty which may impact on grantees’ work programmes (water quality permitting, interaction of carbon, BNG, ELM services and the ability to ‘stack’ them so they can be sold to different buyers, and tax treatment of environmental services etc), which we will explore further as projects continue to develop their business cases. Interviews will policy leads in government and other stakeholders can also explore other initiatives which are seeking to realise the ambition of private sector investment and whether these offer any lessons to how NEIRF barriers and uncertainties may be addressed.

5.4 Value for Money

A Value for Money analysis is being conducted as part of this evaluation and is ongoing. This section of the report looks at whether the information collected to date indicates that the NEIRF grants are being spent in a way that represents good Value for Money, through addressing the following three questions about the 29 Round 1 grantees:

- What did the grantees spend the NEIRF grants on?

- What evidence has been provided that projects spent the grant effectively?
- How significantly, if at all, did projects deviate from their proposed budgets?

5.4.1 Use of grant funding

As detailed in section 3, the main activities on which projects have spent their grant funding so far are:

- **set up activities**, such as recruitment and establishing baselines (including surveys of project sites);
- **literature reviews** of existing data in the UK and internationally;
- developing and testing **income models** to establish the number of biodiversity units and/or carbon credits at their project sites and develop income projections; and
- developing **communications plans** and engaging stakeholders.

There are emerging indicators that projects are looking to spend the grant effectively and provide Value for Money. For example, projects that have needed to involve outside consultancy companies have recruited via a competitive bidding process, choosing the applicant that offered the best Value for Money.

5.4.2 Effectiveness

Projects are concerned with **sharing learning and adding value**, with many projects highlighting that the workshops hosted by Defra for NEIRF partners have created knowledge sharing opportunities, including discussions on how to overcome common challenges. In addition, a number of projects are planning to publish the results of their literature and baseline reviews, further promoting knowledge sharing. The undertaking of literature reviews also demonstrates that projects are looking to build on and adapt the work of others, rather than developing financial and stakeholder engagement models from scratch.

Projects have been **flexible** in their delivery plans and where delays have occurred in one workstream, they have looked to bring other workstreams forward to avoid potentially costly delays to the project. Projects are also looking out for opportunities to improve effectiveness beyond what was sent out in their proposals, for example, one project has repurposed real time water quality testing stations from a redundant research project to enable them to accurately track water quality over time.

The main barrier to spending effectively highlighted to date relates to ongoing **uncertainty around environmental policies**, in particular ELMs, future market regulation and prices of carbon and BNG units, which are causing delays in financial modelling and planning.

5.4.3 Deviation from budget

To date there has been **very little change in proposed total budgets**. One project expects to see a small decrease in their total spend over this time period of approximately £300, while all other projects expect their total spending to remain as indicated in their proposals.

However, most projects (20 out of 29 to date) have submitted budget variation requests which have been approved by EA. To date these requests have focused on **delaying funding** planned for the first quarter of the programme (Jul-Sep 2021) to a later date, leading to a reduction in planned first year spending of approximately £87,000 across seven projects that asked to delay funds. Correspondingly, planned spending during Year 2 has risen by approximately £100,000, as a combined result of this delayed spending and due to five projects moving funding forward. Planned spending over Year 3 has fallen by approximately £13,000, as this spending is now expected to occur in Year 1 and Year 2.

The key reason for requesting funding to be moved back has been short delays in setting up projects, as mentioned previously in Section 5.3 Enablers and barriers.

In the small number of cases where requests have been made to move funding forward, this has often been due to project management work and/or stakeholder engagement activities being moved forward, allowing for more time to be spent on gathering the information needed to feed into baseline and financial modelling. Projects have also brought staff training forward.

A minor theme among projects has been that funding schedules were also moved to fit in with partner invoicing dates, or as a result of projects using other funding sources to cover some of their initial costs.

The majority of requests have focused purely on moving funding from one quarter to another. A limited number of projects have requested to move funding between spending categories. For example, by doing more environmental and financial modelling in-house than originally anticipated, one project has saved on consultancy fees. They are now using these savings to enhance their communication strategy, which early work on the project highlighted was essential due to the number of project partners involved and the media exposure received.

5.4.4 Future Value for Money work

Work on the Value for Money strand is ongoing. Subsequent reports will build on the information gathered to date to provide a more thorough analysis of spending. This will include updating the information provided in this Value for Money section, as well as new analysis looking at:

- anticipated revenue projections or wider economic outcomes of NEIRF business models;
- ratio of £ in investment unlocked per £ of programme spent;
- extent that investment replaces government funding, the extent that government funding continues to be needed for blended finance models, and how private and public sector work together to deliver blended finance models;
- inferred financial value of the environmental outcomes anticipated; and
- how the inferred financial value of the environmental outcomes compares to project budgets.

Information to answer these questions will be obtained from NEIRF applications, budgets, claim forms, and end-of-project financial reports. We will review Enabling a Natural Capital Approach (ENCA) guidance developed by Defra on the values of ecosystem service flows to standardise the values assigned to different services and enable comparisons across projects. A comparison of the information contained in these documents will allow Ecorys to see if and why projects deviated from their original plans. End-of-year reports along with longitudinal interviews will provide additional information on projected income-generating activities, environmental benefits and their estimated value, and expected/secured investment. Together, this information will allow us to compare project spending to the value of environmental outcomes, and to estimate the ratio of investment unlocked to project spending. It will also allow us to make an assessment as to whether projects are on track to achieve the outcomes they anticipated in their applications. Policymaker interviews will provide additional insight as to the extent that investment may have replaced government funding.

5.5 Conclusion

Projects are broadly on track to deliver their projects and spend grants as planned. Those that have experienced delays are confident that they will catch-up and complete the project on time. It is too early to draw conclusions on the project's Value for Money, but early evidence shows that projects are focusing on ensuring their grants are spent efficiently.

Overall, projects were satisfied with the implementation support provided by Defra and the EA, including tailored bespoke support, opportunity for projects to provide direct feedback regarding policy to Defra via the EA, and the Community of Practice, a peer learning network that projects engage with and value. One of the challenges NEIRF projects are facing is the interaction with a range of policy areas and developments. This has meant that policy delays have resulted in uncertainty and delays in project implementation. However, grantees also see value in the opportunity to shape policy through their experience of project delivery.

The early outcomes that project have achieved across NEIRF are covered in the Chapter 6.

6. Early outcomes

Summary

Project outcomes

Self-assessment tool data, supported by interviews, shows a positive early indication that projects are making progress towards investment readiness. Projects were most positive about the effect of NEIRF on their knowledge of ecosystem services and understanding of investment opportunities, and its contribution to their progress towards receiving investment or developing a Code or market enabler.

Organisational outcomes

The main outcomes experienced by grantees initially were at organisational level, including an improved ability to deliver projects. Almost two-thirds of projects agreed or strongly agreed that NEIRF had strengthened their organisational capacity. NEIRF also contributed towards job creation.

Less impact was seen in organisations' understanding of potential buyers and sellers, and the setting of KPIs between buyers and sellers, probably because most are at an early stage of project implementation.

Unintended outcomes

Many projects reported the unexpected positive outcome of their project's profile being raised externally.

Scalability and replicability

Nearly all survey respondents agreed or strongly agreed that they planned to grow or scale up their NEIRF project beyond the application's ambition. Many are still working on developing a financial model and will explore scaling up once it is finalised; others have already started scaling-up.

Learning and sustainability

Interviewees have been sharing their learning, as well as learning from others, both through the CoP and informally.

Interaction between NEIRF and policy

NEIRF projects are described to be both affected by policy developments and influencers of policy at local and national levels.

Attribution of outcomes to NEIRF

The Fund is greatly valued by grantees, giving them the opportunity, time, and resources to implement their projects. Many believe they would not have been able to do this without the NEIRF funding.

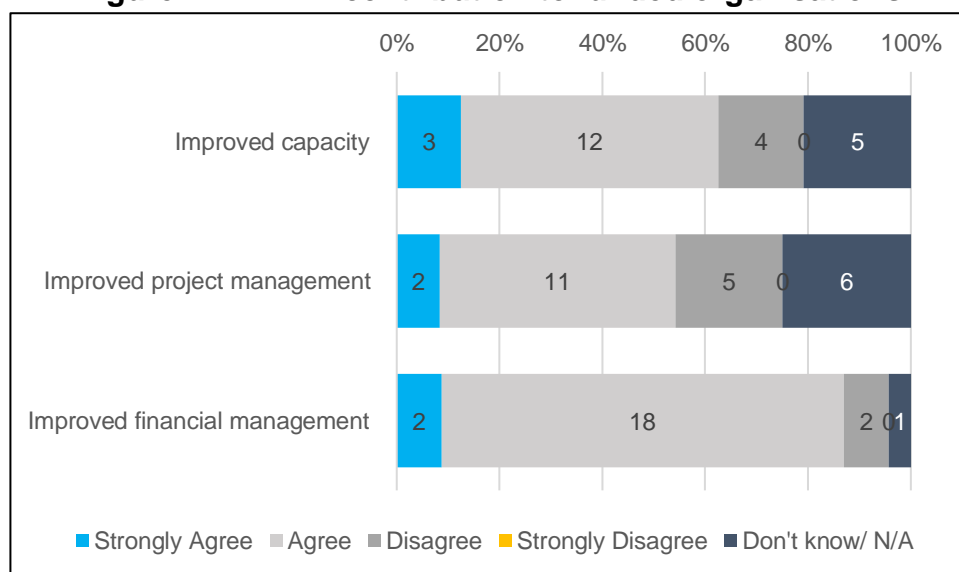
The Government's interest in nature-based solutions is welcomed, with many believing that funding for the natural environment beyond government is very limited in the UK.

This chapter outlines early organisational and project-level outcomes, including unintended outcomes. It also covers projects' investment readiness journeys, including whether or not they have approached investors. Following this, the chapter discusses grantees' intentions to scale-up and/or replicate their project models, as well as project sustainability and learning so far. Finally, it describes the interplay between NEIRF and wider environmental policy, and how they affect each other, and the degree to which any outcomes can be attributed to NEIRF.

6.1 Organisational outcomes

In the early stages of project implementation, the main outcomes grantees experienced were at the organisational level, as highlighted in Figure 11 below.

Figure 11. NEIRF contribution to funded organisations



Source: Survey.

Base=Improved capacity (24), Improved project management (24), Improved financial management (23)

The survey data indicates that organisations had improved their ability to deliver projects, such as improving project and financial management (13 out of 24 and 20 out of 24 reporting improvements in these areas respectively), most likely as a consequence of overseeing quite complex projects that involve multiple partners and dependencies. Nearly two-thirds of projects (15 out of 24) agreed or strongly agreed that NEIRF had strengthened their organisational capacity, including better systems, processes and governance structures.

NEIRF funding also contributed to job creation, with a total of 22.4 Full-Time Equivalent jobs created by 23 Round 1 survey respondents. Among those who created any jobs, the highest FTE was 7 and the lowest was 0.4. One survey responded described the opportunity to recruit more staff to the team as one of the key outcomes of NEIRF:

“The grant has enabled recruitment to increase team capacity and funded the procurement of two expert consultants. This is in turn enabling evaluation and stakeholder engagement to shape a market enabler.” – Survey respondent

6.2 Project outcomes

Project outcomes at this stage mainly reflect projects’ progress towards accessing investment. For some organisations interviewed, particularly charities, NEIRF was the first opportunity to explore the investment market. They were keen to develop a strong business model but also to learn from the experience of delivering the project and share learning within their network.

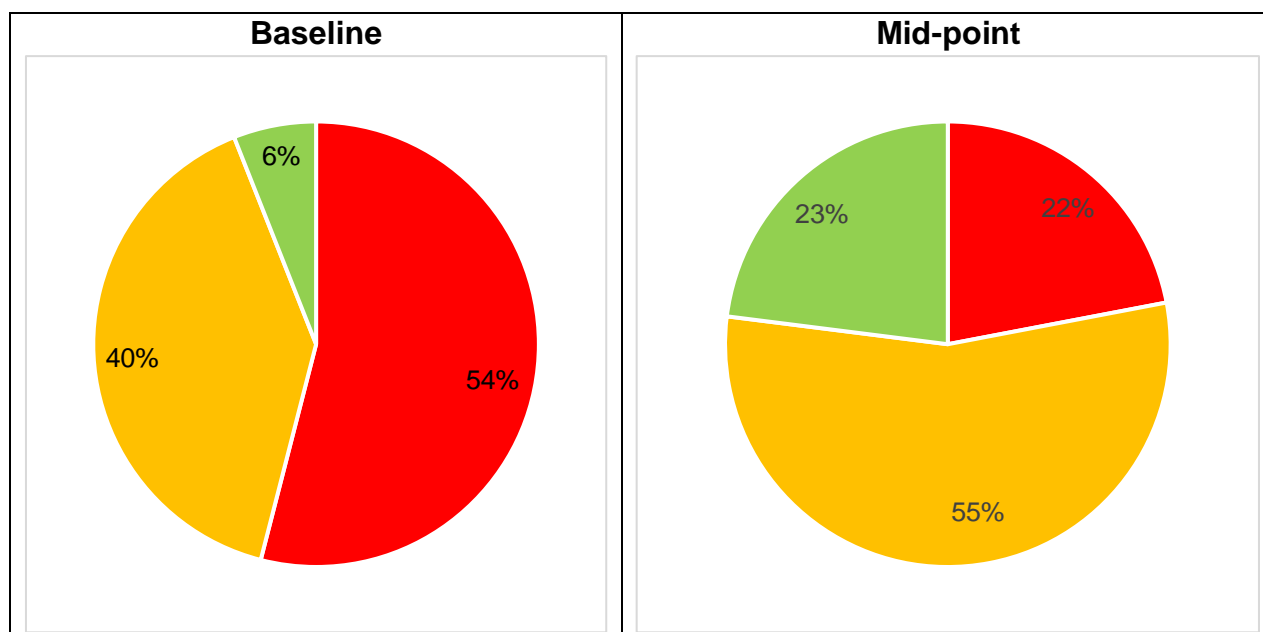
Investment readiness was measured through baseline and mid-point self-assessment tools, as well as interview data and project reports. All 29 Round 1 projects completed a baseline self-assessment. On average, projects included 30 milestones in their tools¹⁹ (ranging from 15 to 61), of which on average more than two-thirds (68%) were rated Red, or ‘not started’, just under one-quarter (24%) were rated Amber, or ‘in progress’, and 7% were rated Green, or ‘completed’. The baseline rating reflect that the tools were completed shortly after projects received funding.

Seven mid-point self-assessment tools were submitted in time to be included in this report²⁰. The chart below shows RAG-rating for milestones in those seven projects, at baseline and mid-point.

¹⁹ Analysis of self-assessment tools is based on 28 projects, as one project completed it incorrectly and the tool was removed from analysis.

²⁰ Self-assessment tools submitted by 18th February 2022 and were analysed for this report

Figure 12. Self-assessment milestones RAG rating at baseline and mid-point



Source: Baseline and mid-point self-assessment tools. Base=baseline (189), mid-point (189)

Milestones towards which progress had not started (Red) decreased by one-third (-32%), milestones rated as ‘in progress’ (Amber) increased by 15%, and the proportion of milestones that had been achieved (Green) increased by 17%. This is a positive early indication that projects are making progress towards investment readiness, though this data does only cover around one quarter (7 out of 29) of funded projects.

Grantees surveyed described some initial project-level outcomes:

- **Testing innovative approaches** to nature recovery, climate change mitigation and sustainable land use.
- Accessing **specialist support from financial consultants**. This enabled projects, for example, to introduce natural capital methods to local partners.
- **Developing Carbon Codes** from existing research data and testing them. One project described this as an important part of the process to meet the future requirements for farmers to run carbon accounting on their farms; another said it will enable them to develop protocols and standards for the Code.

Specifically, projects described their progress on their investment readiness journeys or towards developing tools. This is outlined below through the eight key stages set out in the self-assessment tools.

6.2.1 Governance and delivery plans

Key milestones projects set around governance focused on governance structures of NEIRF funded activities (rather than of the investment vehicles they are developing). They included establishing governance mechanisms and bodies, such as project steering groups and advisory boards. Some project broke these activities down into specific steps,

such as agreeing steering group terms of reference and membership, and forming thematic working groups. Other projects included implementation milestones, such as confirming delivery partners, agreeing delivery timelines and communication strategies, and submitting legal agreements and governance documents for the chosen project vehicle.

Progress in governance and delivery plans was quite positive, based on self-assessment tools. Among projects submitting baseline and mid-point tools there was a considerable decrease in milestones rated Red, and an increase in those rated Amber and Green:

Table 3. RAG rating of milestones towards governance and delivery plans

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	16	4	5
Mid-point	8	9	8
Difference	-8	+5	+3

6.2.2 Identifying ecosystem services

Milestones that projects set in the self-assessment tool under this stage include early-stage milestones such as opportunity mapping and research into Carbon trading and ecosystem services markets, as well as milestones linked to ecosystems that had already been identified, such as developing land management protocols, identifying suitable sites and surveying land where grantees planned to implement their projects. Some also planned to analyse ecosystem data, for example one project aimed to carry out strategic-level terrestrial spatial and supply analysis, as well as assessing the extent, carbon value and disturbance of seagrass on the seabed. Others set milestones to develop baselines or map data (e.g. by biodiversity units or habitats).

Three-quarters of projects (18 out of 24) agreed or strongly agreed that NEIRF had given them greater knowledge of ecosystem services. This was reflected in how projects that submitted baseline and mid-point self-assessments rated their milestones for 'identifying ecosystem services', with a 10 point decrease in milestone rated Red, and a 10-point increase in those rated Green.

Table 4. RAG rating of milestones towards identifying ecosystem services

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	13	12	3
Mid-point	3	12	13
Difference	-10	-	+10

6.2.3 Identifying and working with buyers

Milestones organisations included in their self-assessment tools around identifying and working with buyers include assessing national (e.g. central government credits, major infrastructure) and local markets (e.g. developers, infrastructure and corporates). Further milestones included testing the market, developing marketing and engagement plans and developing purchase agreements. One project included creating a website for the selection, management and sale of credits,

Based on the survey data, limited impact was seen in terms of increasing organisations' understanding of potential buyers/sellers (with only 9 out of 23 reporting an improvement in this area, and 7 disagreeing that they had seen any improvement). The projects that submitted baseline and mid-point self-assessments reported some progress, with a 6-point decrease in milestones against which progress had not started, a 4-point increase in milestones in progress, and a 2-point increase amongst 'completed' (see Table 5 below).

Table 5. RAG rating of milestones towards identifying and working with buyers

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	11	8	1
Mid-point	5	12	3
Difference	-6	+4	+2

This is likely due to the early stage of development for most projects. Interviewees mentioned wanting to collect more information to further develop their project before approaching buyers. A theme was also that projects expect it will be easy to find buyers, as demand for offsets is increasing rapidly:

"I don't see the selling of the credits to be much of an issue. I think that's gonna be the easy part. It's ensuring that we, you know, manage to get a good supply and ongoing supply of credits." – Project lead

Some interviewees had already had conversations with local businesses who were interested offsetting locally. For others, raising awareness of NBS among potential buyers was a key priority, as many were still unaware of existing opportunities to buy BNG units:

"A lot of [buyers] either have never heard of [BNG], not taking any notice of it, or think they've got another two years before they need to think about it. And that's gonna be a key thing for us to do, that marketing and communications narrative of raising awareness." – Project lead

6.2.4 Identifying and working with sellers

Grantees included milestones around identifying and engaging potential sellers, such as land managers or members of the partnership delivering the NEIRF project. Other milestones included carrying out competitor analysis and benchmarking costs against other ecosystem services in the UK, and the project's ecosystem service internationally. Some projects had milestones around designing agreements with sellers, for example land management agreements. There was also an example of a project setting a milestone of recruiting a project officer to work towards this outcome.

As mentioned above, only 9 out of 23 grantees surveyed agreed or strongly agreed that NEIRF had contributed to their understanding of potential buyers/sellers. This is reflected in the way projects RAG rated their progress against milestones in the self-assessment tool, with limited progress from baseline to mid-point:

Table 6. RAG rating of milestones towards identifying and working with sellers

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	10	8	1
Mid-point	7	9	3
Difference	-3	+1	+2

6.2.5 KPIs between sellers & buyers

Milestones included developing agreements between buyers and sellers, including conservation covenants, tax considerations and governance, and developing performance management protocols.

Only three of the six projects that completed baseline and mid-point self-assessments identified milestones in the stage of setting KPIs between buyers and sellers. This could be because at the early stage of the project when baseline self-assessments were completed, projects had not fully considered the need for this. RAG rating against milestones in the self-assessment tools showed some progress, but still no milestones rated Green, as shown below.

Table 7. RAG rating of milestones towards KPIs between sellers and buyers

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	6	5	0
Mid-point	2	9	0
Difference	-4	+4	-

6.2.6 Intervention and long-term upkeep

Project milestones around ‘intervention and long-term upkeep’ in the self-assessment tools focused on the financial sustainability of projects and management of funds, with one noting:

“A full cost recovery principle is being applied to the carbon and any other ecosystem service delivery model.” – Baseline self-assessment

Milestones include developing strategies and budgets for habitat creation and long-term management, as well as identifying options for project monitoring and for accreditation. RAG rating of milestones in the self-assessment tools showed progress from Red to Amber ratings:

Table 8. RAG rating of milestones towards intervention and long-term upkeep

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	12	5	1
Mid-point	6	11	1
Difference	-6	+6	-

6.2.7 Developing an investment model

Milestones set against this stage in the self-assessment tools include establishing the viability of a carbon or ecosystem services market, developing business cases, developing model costs for investors (e.g. land acquisition, ecosystem restoration, management Return on Investment), and testing different models.

Projects surveyed were very positive about the effect of NEIRF on their understanding of investment opportunities, with more than eight in 10 (19 out of 23) agreeing or strongly agreeing that the grant had helped them achieve this. Additionally, 19 out of 24 agreed or strongly agreed that NEIRF helped them gain improved confidence in developing or delivering an investible project. This was reflected in the self-assessment tools, with progress showing good progress from Red (-14) to Amber (+11) and Green (+3):

Table 9. AG rating of milestones towards developing an investment model

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	16	5	1
Mid-point	2	16	4
Difference	-14	+11	+3

Grantees specifically mentioned in the survey that NEIRF helped them to develop and establish **new business models** based on environmental and financial outcomes. This includes a detailed exploration of the revenue streams available, approach to financing, the creation of an investment case, and initial investor engagement. They also said the Fund contributed to their thinking around **financing their work in the long-term**, with examples such as accelerating scoping work for equity finance around BNG, exploring the natural capital investment – including developing partnerships to access investment, and developing a plan for blended finance, and presenting business models to prospective buyers, sellers and investors.

Survey respondents also mentioned new potential **income-generating opportunities** arising from NEIRF funding. Examples of this are fundraising teams now using the NEIRF project model to apply for other grants, with the aim of developing more blended finance projects, and local landowners becoming interested in potentially investing after seeing the project being implemented.

6.2.8 Identifying and working with investors

Milestones towards this stage in the self-assessment tool include reviewing pricing, revenue and aggregation options, developing and testing marketing and engagement plans. Nearly all survey respondents (22 out of 24) agreed or strongly agreed that NEIRF had contributed to their progress towards receiving investment or developing a Code or market enabler. Self-assessment RAG ratings reflected this, with Red ratings decreasing by six points and Amber and Green ratings increasing by four and one points respectively:

Table 10. RAG rating of milestones towards identifying and working with investors

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	12	7	1
Mid-point	6	11	2
Difference	-6	+4	+1

Some interviewees said their organisation had had exploratory conversations with potential investors before obtaining NEIRF funding. One project mentioned going back to investors after the project started and receiving letters of support for the project. A number of projects were in contact with potential investors who were also potential buyers, interested both in investing in the project, and in buying the carbon offsets produced.

Other projects felt that it was **too soon to approach potential investors**, because they were still collecting the information to develop their business case and approach the most suitable investors:

"We haven't approached investors because to approach investors, you need to have the costs, the financial model, you need to know what the returns might be and the viability around it [...]. Until we have the outputs of the financial model, we wouldn't know exactly what type of investment would best suit the sort of revenues that we are seeing." – Consultant

Among survey respondents, more than half (14) were having conversations with potential investors, less than one-third (7) had not yet approached investors, and just two out of 24 had secured investment (n=24). The types of investment secured included blended loan and grant, and match cash funding for the NEIRF project. Investments were received from a water company, nature partnership, industry-funded partnership and an agricultural technology start-up.

A theme among interviewees was that many NEIRF-funded projects are likely to continue relying on a **mix of grant funding and investment**, with grants covering costs of land acquisition or leasing, if the price of BNG units does not cover the upfront cost of land. This is because the demand for BNG credits is expected to increase substantially, and the supply of land already owned by individuals/companies who are interested in restoring it for BNG is likely to not be sufficient. One project said they were in conversations with landowners about restoring their land for BNG, as well as about possibly investing in the project.

6.2.9 Code development journey

The self-assessment tool used for Codes includes the following stages to develop a Code:

- Assessment of demand for the Code
- Scope for the code and eligibility requirements
- Development of Code methodology
- Testing/ Pilot

AND either:

- Relationship with the Land Carbon Registry
- ICROA certification

OR:

- Integration into broader Codes

Only one NEIRF grantee developing a Code submitted baseline and mid-point self-assessments in time to be included in this report. The project's RAG rating progress is illustrated below and shows good progress towards developing a Code, with milestones towards which progress had not started decreasing by 7 points, those in progress increasing by 3 points and those completed increasing by 4 points.

Table 11. RAG rating of milestones in the development of a Code

	Red (not started)	Amber (in progress)	Green (completed)
Baseline	12	14	1
Mid-point	5	17	5
Difference	-7	+3	+4

6.3 Unintended outcomes

Survey respondents reported a number of unintended positive outcomes. A major theme was that NEIRF helped them **raise their project's profile** externally. This resulted in greater interest among senior stakeholders within organisations and industry, **new partnerships and collaborations**:

"We have been inundated with interest in this project. This has led to us being able to refine the scope and potentially improve the quality of the product and introduced us to potential new research partners – some of whom we are already involved with developing other ideas." – Survey respondent

6.4 Scalability and replicability

Nearly all survey respondents (21 out of 24) agreed or strongly agreed that they planned to grow or scale up their NEIRF project beyond the application's ambition (the remaining three respondents said they did not know).

A theme among grantees, though was that they were still working on developing a financial model and once it was finalised, they would begin to explore interest in their project and potential **scale-up**. Pilot projects planned to develop beyond the pilot stage, for example a project developing a pilot Code mentioned contacting the people running existing Codes to gain a better understanding of the financial aspects of running them. A number of projects had already started scaling up:

"We've already invited other District Councils in [our area] to get involved in a project, which I'm pleased to say they are responding, so we've already scaled up a little bit." – Project lead

Interviewees said they were keen to **replicate** the activities funded by NEIRF on a larger scale. The vast majority of survey respondents (20 out of 24) agreed or strongly agreed that they planned to replicate the activities supported by NEIRF, compared to one who disagreed and three who did not know. Equally, 20 survey respondents agreed or strongly agreed that they planned to share their project model for others to replicate, one disagreed and three did not know (n=24).

Some grantees had started thinking about how their project could be implemented in other ecosystems, including reviewing potential sites and consulting with relevant ecosystem experts. Others were working on replicating their model in other areas:

"We want there to be that kind of knock-on effect to see local authorities developing their own habitat banks [...]. That is going to be the target, obviously we want to make sure that this can be replicated everywhere." – Project lead

One project was in conversations with the EA to identify other potential restoration sites for BNG, and were also hoping to support other organisations monetise their environmental outcomes. Another described the replicability of the governance structure they had established for NEIRF:

"I would hope that the structures of governance models that we put in place to enable us to deliver the BNG process and mandate will be replicable anywhere in the country. Even if it's just replicable amongst our own districts [...] there will be a shared model, at least, so we're working to common standards." – Project lead

6.5 Learning and sustainability

Interviewees said they had been **sharing their learning as well as learning from others**, both through the CoP and informally. For example, one interviewee said that they were presenting findings from their work on BNG to other districts, to help them replicate the work the NEIRF project is doing in terms of identifying opportunities. This involved supporting others to identify sites to regenerate, estimate demand for BNG and the amount of offsets a site might deliver.

This was reflected in survey responses, with the vast majority (21 out of 24) of respondents saying that they had been able to share learning from their project beyond NEIRF. Among those who had shared their learning outside of NEIRF, all but one (20) had done so through informal conversations and two-thirds (14) through webinars and events. Other approaches to sharing learning included reports/case studies (8), CoP

events (4), social media (4), presentations to national groups (1) and TV programmes (1).²¹

Unsurprisingly, **obtaining investment** was seen by various grantees as the main way to ensure the sustainability of their project. However, various grantees were considering applying for additional grant funding, either to help them develop additional capacity to access private investment or to cover other project costs.

One project lead felt that there was strong **senior management awareness and buy-in** and this would contribute to the long-term sustainability of the project. As mentioned previously, one of the challenges projects are facing is recruitment of staff, particularly those with conservation management skills or ecologists. One interviewee felt that this may become a challenge in ensuring the sustainability of the project in the future.

6.6 Interaction between NEIRF and policy

Interviewees described NEIRF projects being affected by policy developments, as well as themselves working to **influence policy at both local and national levels**. A project run by a LA was working to influence other LAs in the area to incorporate BNG into their local plans. They had established a Biodiversity Net Gain Implementation Group to help LAs address some of the barriers, and a Planning Officers Group to keep driving forward BNG and ensuring there are systems and mechanisms in place to cost BNG correctly and distribute it effectively:

“We’ve been doing a bit of thinking around how payment mechanisms could work, and how to create efficiencies around how to either pull funds from developers paying for BNG units, or have them sitting within Local Authorities. And this is thinking that I think hasn’t really happened at national level yet, but [the LA] are really keen to figure out what works best for them even though the secondary legislation hasn’t come into place.” – Consultant

One project lead described their work as a government advisor for the Department for Business, Energy and Industrial Strategy (BEIS), and how they were aiming to align the

²¹ Respondents were allowed to select more than one answer to the question “How did you share learning from your project beyond NEIRF?”, therefore the total adds up to more than 21.

code they were developing with NEIRF funding to the Government's Greenhouse Gas Inventory:

"I've been working with BEIS in Government, advising them as to how we could get [other] habitats into the Greenhouse Gas Inventory, [...] so it's advantageous to align the new, you know, this developing [...] carbon Code with the Inventory." – Project lead

As mentioned in Section 5.2 Implementation support, grantees valued the one-to-one contact with the EA as an opportunity to directly feed into policy development.

6.7 Attribution of outcomes to NEIRF

Grantees greatly valued NEIRF funding, mentioning both in interviews and in the survey that that they would not have been able to deliver their project, or it would have been on a smaller scale and progress would have been slower. Grantees had typically already developed the idea for their project, and the Fund gave them the opportunity to dedicate the necessary **time and resources** to implement it. NEIRF also gave projects the opportunity to bring together **scientific and financial expertise** to develop projects that not only have environmental benefits, but are also financially viable:

"We could have done this through another fund, maybe, and developed the science side, but it would have just sat there because it couldn't get implemented because there would be no market at all attached to it." – Interviewee

A strong theme among interviewees was also that the grant was a catalyst to form **partnerships** and to deliver projects collaboratively:

"It's pushed [the project] to that point of doing it collaboratively in a shared approach and sharing resources and skills and experience that is actually going to make it stronger and better - it's focused minds massively." – Interviewee

This was echoed in the survey, with most (20 out of 23) agreeing or strongly agreeing that NEIRF helped them to achieve improved collaboration among different stakeholders involved in delivering their project. One survey respondent said that NEIRF funding, staff and the CoP has been "superb" and had enabled them to establish collaborations with new and existing partners towards their project goal.

As well as the funding, interviewees saw NEIRF as an indication that **Government is interested in NBS**, with some highlighting that funding for the natural environment beyond government is very limited in the UK.

6.8 Conclusion

Projects have made some positive progress along the investment-readiness journey, including identifying ecosystem services, identifying and working with buyers and sellers and developing KPIs between them, as well as developing governance and delivery plans. While there has been some progress around developing investment models and identifying and working with investors, it is too early to see outcomes around concrete conversations with investors or accessing investment. It is worth noting that accessing investment can take a long time, and may happen after the end of NEIRF, and the focus of this evaluation is on progress along the investment-readiness journey.

Additionally, organisations have demonstrated considerable ambition to replicate and upscale their NEIRF projects. There is also evidence that grantees are sharing learning outside their projects, but unsurprisingly only limited concrete examples of that at this stage.

7. Conclusion

NEIRF projects are supporting a number of goals in the 25YEP, with most focusing on nature recovery and natural beauty, woodland creation and water quality. NEIRF is funding a wide range of project models and characteristics, led by a variety of organisation types, working in different habitats, and aiming to monetise different environmental service. Overall, projects demonstrate a genuine level of innovation both in their approaches to NBS and in their financial models and investment approaches.

There was consensus among grantees that the information and support provided by Defra and the EA was useful and relevant and that the application form and guidance were clear. Unsuccessful applicants were also generally positive about the support, but some would have liked clearer guidance. Among the unsuccessful applicants interviewed, some reported only receiving generic feedback, while others reported receiving generic as well as tailored feedback. Defra should provide tailored feedback to all applicants, particularly with a view of obtaining better quality applications in Round 2.

Projects are broadly on track to deliver their projects and spend grants as planned. Those that have experienced delays are confident that they will catch-up and complete the project on time. It is too early to draw conclusions on the project's Value for Money, but early evidence shows that projects are focusing on ensuring their grants are spent efficiently.

Overall, projects were satisfied with the implementation support provided by Defra and the EA, including tailored bespoke support, opportunity for projects to influence policy through direct feedback to the EA, and the Community of Practice, a peer learning network that projects engage with and value. One of the challenge NEIRF projects are facing is the interaction with a range of policy areas and developments. This has meant that policy delays have resulted in uncertainty and delays in project implementation. Projects could highlight this more to Defra by producing evidence that policy delays cause difficulties, for example creating revenue models with missing data or multiple data options to show that clear predictions cannot be made in such a context of uncertainty; Defra should encourage this. However grantees also see value in the opportunity to shape policy through their experience of project delivery.

Projects have made some positive progress along the investment-readiness journey, including identifying ecosystem services, identifying and working with buyers and sellers and developing KPIs between them, as well as developing governance and delivery plans. While there has been some progress around developing investment models and identifying and working with investors, it is too early to see outcomes around concrete conversations with investors or accessing investment. It is worth noting that accessing investment can take a long time, and may happen after the end of NEIRF, and the focus of this evaluation is on progress along the investment-readiness journey. Additionally, organisations have demonstrated considerable ambition to replicate and upscale their

NEIRF projects. There is also evidence that grantees are sharing learning outside their projects, but unsurprisingly only limited concrete examples of that at this stage.

8. Recommendations

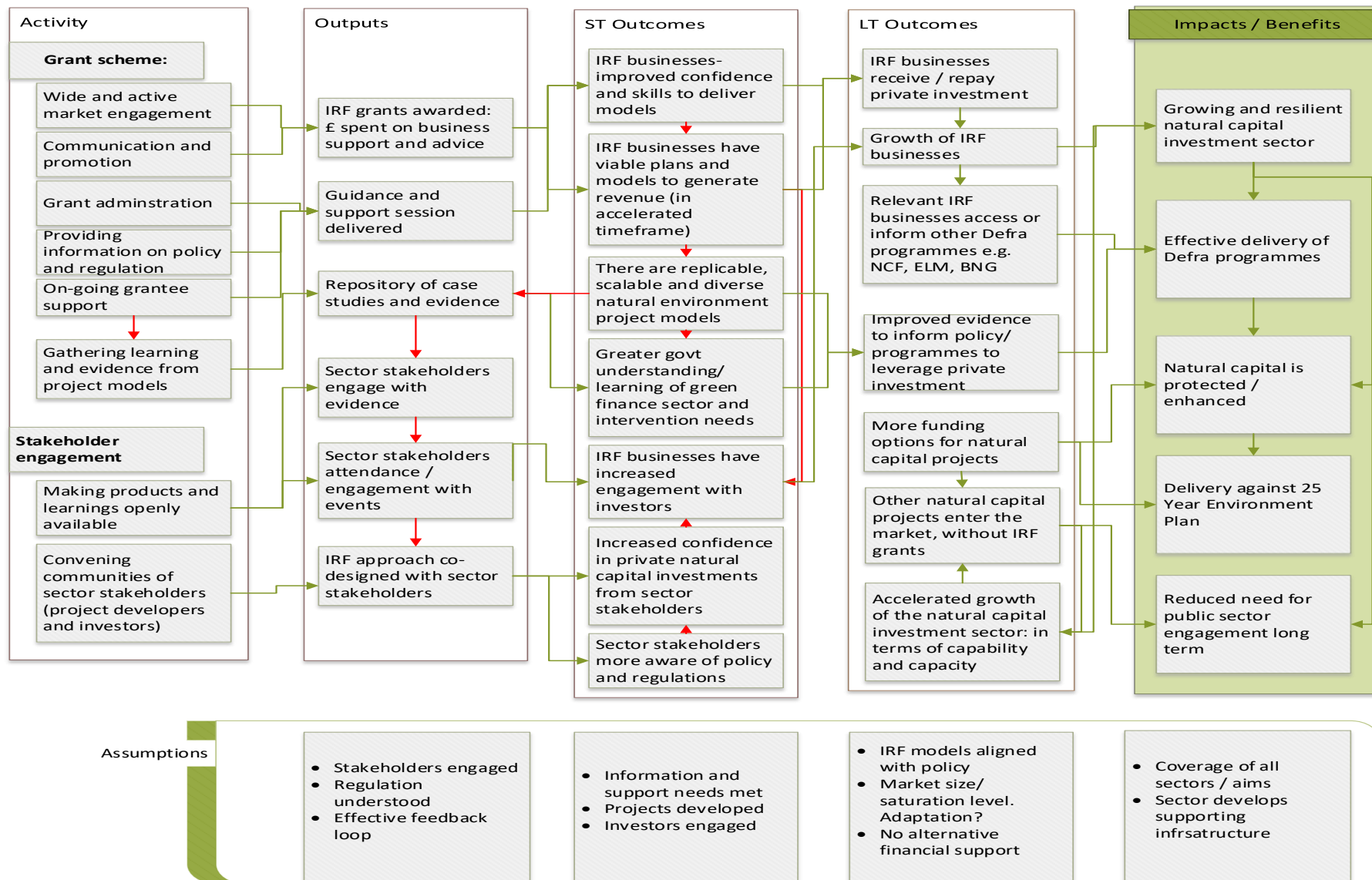
Key recommendations for future delivery of NEIRF and similar programmes include:

1. Continue to **provide guidance, information events and support to applicants** throughout the application stage, possibly offering additional support to organisation types (e.g., private companies and partnerships) that were less successful in Round 1.
2. Continue to provide **clear guidance around the funding requirements**, specifically around NEIRF's focus on supporting investment-readiness. Ensure that prospective applicants fully understand that their project needs to result in a business case for potential investors.
3. Clearly state in the application guidance the **time commitment required for CoP and other information and learning events**, to allow projects to budget and plan for it, and fully benefit from the networking opportunities provided.
4. Provide **tailored feedback to unsuccessful applicants** highlighting the main reasons why their bid was not successful.
5. Continue to provide **high quality, tailored and flexible support to grantees** during project implementation.
6. Provide further **clarity around the difference between buyers and investors**, to support projects to better identify each and understand whether there may be some overlap,
7. **Encourage projects to highlight the challenges caused by policy uncertainty** by working with projects to produce evidence that policy delays cause difficulties, for example creating revenue models with missing data or multiple data options to show that clear predictions cannot be made in such a context of uncertainty.
8. Continue to offer grantees **learning and networking opportunities through the Community of Practice**. With Covid-19 restrictions easing, seek opportunities to **hold in-person CoP events**, which would facilitate interaction and networking among grantees. **Peer Learning Activities (PLAs) involving site visits** would also offer valuable learning and exchange opportunities.
9. Support grantees to create a suite of **case studies to share best practice**.
10. Provide as much **information and clarity as possible around expected policy developments and timelines**, to help shape projects and inform delivery.

Annex 1. Full Methodology

This section details the full evaluation methodology, including research tools. Prior to the beginning of NEIRF, in November 2020, Defra developed a Theory of Change for the programme, shown below.

Figure 13. Theory of Change



The project started with an inception stage, which was delivered in September/October 2021 and involved an inception meeting, an initial document review of background documents and successful and unsuccessful applications, and a webinar to introduce the evaluation to Round 1 grantees and gather their feedback and inputs on certain elements of the research.

Theory Based Approach

As part of the inception stage, Ecorys assessed whether it would be possible to develop a quasi-experimental comparison group/counterfactual for this evaluation. Given the small size of the treatment group (i.e. grantees), a quasi-experimental approach risked concluding that the Fund had no significant impact. The Magenta book²² recommends a quasi-experimental approach only when the intervention affects large numbers of people or groups, and notes that ‘a quasi-experimental approach is less feasible if the intervention is not built into policy design, or data is available only for the pilot areas themselves’. As the outcome measure for NEIRF is the progress applicants have made along the investment readiness journey (as measured through the self-assessment tool), we only have this information for the treatment group, so we cannot compare to a comparator group. Additionally, the environmental and financial outcome data needed for counterfactual analysis is unlikely to be available for participants and a control group during the lifetime of the evaluation.

For these reasons, it was decided that the evaluation would take a theory-based approach (contribution analysis) to assess the extent to which programme outcomes can be attributed to NEIRF. Contribution analysis is used to assess the attribution of a programme towards outcomes by focusing on questions of ‘contribution’, specifically to what extent observed results (whether positive or negative) are the consequence of the programme vis-à-vis other factors or ‘contributions’. The analysis proceeds through a step-by-step investigation into all cause-and-effect assumptions. Contribution analysis does not attempt to prove that one factor, such as a programme, ‘caused’ the desired outcome, but rather it explores the contribution a programme is making to observed results. By collecting evidence from various sources (such as interviews and the survey) to test the Theory of Change’s links between activities, outcomes and contexts of the programme, the aim is to build a credible ‘performance story’. This can demonstrate

²² H M Treasury, The Magenta book, available at <https://www.gov.uk/government/publications/the-magenta-book>

whether a programme was indeed an important influencing factor in driving change, perhaps along with other factors.

Evaluation framework

Ecorys then submitted a Project Initiation Document to Defra, which included the evaluation framework below. For each evaluation strand (process, impact and VfM), it includes the key research questions and sub-questions, as well as the data collection tools required to address those questions. These were based on the grant application assessment criteria (environmental outcomes, revenue model, innovation and learning, and VfM) and the programme's aims and objectives.

Table 12. Evaluation Framework

Evaluation strand	Research questions	Data sources
Process evaluation	<p>1. What are the types and characteristics of project models being supported by NEIRF grants?</p> <ul style="list-style-type: none"> ▶ What are the differences and similarities between projects (including revenue models and governance structures)? ▶ Which sectors and types of services are being funded by NEIRF? ▶ What is the level of innovation versus tried and tested approaches? ▶ What is the amount of investment needed? 	<p>Project applications</p> <p>Budgets/claims</p> <p>Business plans/ End-point reports</p>
	<p>2. Did the application process effectively support applicants to submit good quality, viable applications?</p> <ul style="list-style-type: none"> ▶ What support was provided during the application process? ▶ Were different types of organisations/project activities supported effectively, including those with limited/no experience accessing public funds? ▶ Was the type of organisation/project likely to impact applicants' chances of receiving funding? If so, how? ▶ Which ones appear under-represented and why? 	<p>Applications</p> <p>Longitudinal and snapshot interviews with successful and unsuccessful applications</p> <p>Policy interviews</p>

Evaluation strand	Research questions	Data sources
	<p>3. How effectively did projects deliver on their stated objectives?</p> <ul style="list-style-type: none"> ▶ Were project milestones set, were they appropriate and did it work well? ▶ Did project reporting and programme monitoring help projects measure progress and achieve objectives? ▶ What did projects achieve which they would not have been able to do otherwise? 	<p>Self-assessment tools</p> <p>Mid-point reports</p> <p>End-point reports</p> <p>Annual survey</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p>
	<p>4. To what extent were projects able to address challenges with delivery and secure additional necessary support?</p> <ul style="list-style-type: none"> ▶ Did grantees have/receive sufficient resources and support to comply with grant requirements? ▶ How were projects supported to address any challenges during delivery? ▶ Was the CoP a resource for applicants and stakeholders and did it work well? 	<p>Annual survey</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p> <p>COP/stakeholder interviews</p>
Impact evaluation	<p>5. To what extent has NEIRF contributed to projects' investment readiness?</p> <ul style="list-style-type: none"> ▶ How have projects progressed on their investment readiness journey? 	<p>Self-assessment tools</p> <p>Annual survey</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p> <p>Mid-point reports</p> <p>End-point reports</p>
	<p>6. To what extent are there wider outcomes from projects which received NEIRF grants?</p> <ul style="list-style-type: none"> ▶ Were there unintended outcomes of NEIRF projects (positive or negative)? ▶ Did grants help improve grantees' organisational capacity, skills and confidence? 	<p>Annual survey</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p> <p>Mid-point reports</p> <p>End-point reports</p>

Evaluation strand	Research questions	Data sources
	<p>7. What are the key drivers and dependencies that have affected the impact of NEIRF?</p> <ul style="list-style-type: none"> ▶ How did policy developments in Defra and beyond affect NEIRF outcomes? ▶ How did landowners'/developers' attitudes affect outcomes? 	<p>Policy system map</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p> <p>Mid-point reports</p> <p>End-point reports</p>
	<p>8. Have NEIRF projects attracted private investment and how much? What types of investment arrangements have been made?</p> <ul style="list-style-type: none"> ▶ Did NEIRF projects that have not accessed funding discuss their business plans with potential investors? What was the outcome of these conversations? 	<p>Self-assessment tools</p> <p>Survey</p> <p>Data on investment secured/expected²³/ End-point reports</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p> <p>Mid-point reports</p> <p>End-point reports</p>
	<p>9. What are the anticipated short- and long-term environmental impacts of NEIRF business models, based on projections?</p> <ul style="list-style-type: none"> ▶ What were the project's projected environmental outcomes, and did they change? ▶ How many ecosystem services have projects been able to monetise? What is the scale of these? 	<p>Project applications</p> <p>Financial projections for income-generating activities/ End-point reports</p> <p>Self-assessments</p>

²³ As noted above, we assume Defra will require this information as part of mid-point and end-point reports

Evaluation strand	Research questions	Data sources
	<ul style="list-style-type: none"> ▶ How are the environmental outcomes packaged/sold (i.e. stacking and bundling)? How attractive is this to investors? Why? 	
	<p>10. To what extent has sector and investor confidence or interest changed as a result of NEIRF activity?</p> <ul style="list-style-type: none"> ▶ Was there sharing of information among stakeholders? How was it shared? Was it useful? ▶ Did the finance sector engage with projects? 	<p>COP/Investor interviews</p> <p>Policymaker interviews</p> <p>Policy system map</p>
	<p>11. To what extent are NEIRF projects scalable or replicable?</p> <ul style="list-style-type: none"> ▶ As a result of the NEIRF, did projects continue to successfully grow/scale their projects beyond the application's ambitions? ▶ Did projects share learning beyond NEIRF? ▶ Were there examples of other projects aiming to replicate the activities supported by NEIRF? 	<p>Annual survey</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p> <p>Policymaker/other stakeholder interviews</p>
	<p>12. To what extent have NEIRF projects informed policy?</p> <ul style="list-style-type: none"> ▶ Did NEIRF result in a repository of case studies? ▶ Was there sharing of information among stakeholders? Was it useful? 	<p>Policymaker and other stakeholder interviews</p> <p>Policy system map</p>
Value for Money	<p>13. Were NEIRF grants spent in a way that represents good Value for Money?</p> <ul style="list-style-type: none"> ▶ What did the grantees spend the NEIRF grants on? ▶ What evidence was provided that projects spent the grant effectively? ▶ How significantly, if at all, did projects deviate from their proposed budgets? 	<p>NEIRF project budgets/claim forms</p> <p>Mid-point financial reports</p> <p>End of project financial reports</p> <p>Longitudinal interviews</p> <p>Snapshot interviews</p>

Evaluation strand	Research questions	Data sources
	14. What are the anticipated revenue projections or wider economic outcomes of NEIRF business models?	Financial projections for income-generating activities// End-point reports
	15. What was the ratio of £ in investment unlocked per £ of programme spent?	Data on investment expected (and if possible, secured)/ / End-point reports NEIRF project budgets Mid-point financial reports End of project financial reports
	16. To what extent did investment replace government funding?	Policymaker interviews Mid-point financial reports End of project financial reports Data on investment expected/ secured Financial projections for income-generating activities/ End-point reports
	17. What is the inferred financial value of the environmental outcomes anticipated? ► How does this compare to project budgets?	Financial projections for income-generating activities/ End-point reports End of project financial reports

The key evaluation KPIs are included in the table below.

Table 13. Evaluation KPIs

	Progress KPIs	Outcome KPIs
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Process	<p>1. No. of NEIRF grants issued for different:</p> <ul style="list-style-type: none"> • organisations • projects types [use evaluation categories] • habitats / ecosystem services • geographies 	2. No of completed projects by type [use the evaluation categories]
	Narrative: KPI designed to capture info at time of R2 awards to test if Fund is supporting a diverse range of approaches, organisational and geographical mix	Narrative: KPI designed to see how many projects, by type, completed using the project categories for investible projects and market enablers
	3. No. of Applicant/Grantee having at least a 'positive' experience of the NEIRF process	4. Number of projects which achieved their objectives
	Narrative: KPI designed to identify number of both applicants and grantees having a positive [and better] experience of the NEIRF application process and grant administration. To be captured at the end of R2 for applicants and annually for grantees	Narrative: KPI designed to assess if funded projects achieve their funded objectives (2.3 of application) to time (4.3 of application)
	<p>5. No. of:</p> <ul style="list-style-type: none"> • Participants attending COP events • COP participants having at least positive experience of the events 	
	Narrative: KPI 5 designed to identify number of COP members attending COP events, and the numbers having at least a positive experience	
	<p>6. No. of Stakeholders signed up to the CoP who are</p> <ul style="list-style-type: none"> • farmers/landowners • businesses • investors • intermediaries/advisors • project developers etc 	
	Narrative: KPI 6 designed to identify, over annual points, the diversity of COP membership	
Impact		<p>7. Environmental impact of project models funded through NEIRF:</p> <ul style="list-style-type: none"> • HA of habitat restored/created, • HA woodland created • HA Peatland restoration • KM River restoration • Water quality (N/P concentrations) • Area of flooding at-risk land benefiting from NFM schemes etc

		Narrative: KPI to test at project end, and successive annual points after NEIRF funding, what environmental outcomes were modelled and then achieved when projects are implemented
VfM		8. No. of project models able to generate revenue / and those generating revenue for farmers and land-managers/owners etc 9. Number of private sector financiers purchasing environmental units/credits
		Narrative: To identify at project end, and successive annual points after NEIRF funding projects generating income and recipients of those incomes (KPI 9), and the number of private sector buyers of the environmental benefits (KPI 10)
		10. No. of NEIRF-supported projects that attract private sector investment 11. No. of private sector organisations investing in NEIRF-supported project models. 12. £s of private sector investment into NEIRF-supported projects per £ of public investment.
		Narrative: To test at project end, and successive annual points after NEIRF funding how many funded projects secure private investment (KPI 11), the number of investors in all NEIRF projects (KPI12) and the value of investment compared to that contributed by public grant funding (KPI 13)
		13. No of examples demonstrating effective stacking/bundling of funds/benefits 14. No of projects which demonstrate a blended approach to funding nature projects
		Narrative: KPI to test at project end to identify wider outcomes from NEIRF, in particular the number of NEIRF projects which demonstrate stacking (KPI 14) and blended finance approaches (KPI 15)
		15. No. of jobs created by NEIRF projects
		Narrative: KPI to determine the number (and if possible) nature/variety of jobs which will be created if projects are implemented. To be gathered at the end of NEIRF projects and tested as they are implemented

Primary data collection is being conducted throughout the evaluation and includes:

- An annual survey of grantees and unsuccessful applicants, delivered in January/February 2022, 2023, and 2024
- Semi-structured interviews with unsuccessful applicants, carried out in October/November 2021 and Summer 2022

- Longitudinal interviews, which track projects over time by interviewing grantees annually throughout the evaluation. Round 1 grantees are being interviewed three times, in November/December 2021, 2022, and 2023. Round 2 grantees will be interviewed in April/May 2022 and 2023.
- Snapshot interviews are carried out at five points throughout the evaluation (at the same time as longitudinal interviews), and focus on a specific theme.

The table below summarises the target number and timing of interviews over the course of the evaluation. 'Time' refers to each time primary data is collected.

Table 14. Target number and timing of interviews

Interviews	Year1	Year2		Year3		Total per type
	Time1 Nov/Dec 2021	Time2 Apr/May 2022	Time3 Nov/Dec 2022	Time4 Apr/May 2023	Time5 Nov/Dec 2023	
Longitudinal R1	8	0	14	0	12	56
Longitudinal R2	0	0	10	0	12	
Snapshot R1	4	8	4	3	3	39
Snapshot R2	0	4	6	4	3	
Unsuccessful R1	5	0	0	0	0	15
Unsuccessful R2	0	6	0	4	0	
Total	17	18	34	11	30	110
Total per year	17	52		41		

Unsuccessful applicant interviews

In October and November 2021, we carried out five semi-structured interviews with highly scoring unsuccessful applicants (scoring 60% and above). There were 24 unsuccessful applications scoring 60% and above. The sampling framework used is shown below:

Table 15. Unsuccessful applicant interview sample

Type of org	no. of apps	min no. of inter-views	Revenue Model	no. of apps	no. of inter-views	Habitat	no. of apps	min no. of inter-views
Private	7	1	Single eco-system	7	1	Urban/peri-urban	9	1
Public	7	1	Multiple ecosystems	11	2	Enclosed farmland	15	1
Charity	6	1	Market enabler	6	2	Mountain, moor and heathland	7	1

Partnership (private/charity)	2					Freshwaters and wetlands	12	1
Other (public/private)	2					Woodland	12	1
						Coastal margins	10	1
						Marine	7	1
						Semi-natural grassland	10	1

Contact details of project leads were provided as part of the application, and all applicants had to agree to being contacted by the evaluator. This resulted in all participants contacted taking part in interviews.

Interviews lasted about 30 minutes and were conducted over MS Teams, recorded with the participant's permission, and auto-transcribed.

A second round of unsuccessful applicant interviews will be conducted in Summer 2022 with six Round 2 applicants.

Grantee interviews

In November and December 2021 we carried out **semi-structured interviews with grantees**, speaking to the project lead and consultant for each project. We interviewed nine people from four projects as part of our 'longitudinal' interviews, which will track projects over time by interviewing grantees annually for the three years of the evaluation. We also carried out 'snapshot' interviews with four people from two projects. Snapshot interviews are carried out at one point in time and focus on a specific theme. The first round of interviews focused on projects' investment readiness journeys, including any barriers or challenges they may face. A secondary theme was monitoring and evaluation of the projects. Interviewees were selected to include a range of organisation types and revenue models.

Further interviews will be conducted throughout the remainder of project delivery, as outlined in Table 15. The table below summarises the key themes we will address in 'snapshot' interviews throughout the evaluation.

Table 16. Snapshot interview themes

SNAPSHOT INTERVIEW THEMES	Yr1	Yr2		Yr3	
	T1	T2	T3	T4	T5
Main theme	Stages towards investment readiness – Understanding of challenges & barriers	Stakeholder Engagement – building relationships	Confidence / Capacity building	Views on the market / community	Forecasting revenues / conversations with investors

Additional theme	Metrics/M&E		Best practice / learning from project work and others	Metrics/M&E	Project and model Resilience/legacy
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The sample of longitudinal and snapshot interviews was developed based on:

- Organisation type: Private / Public / Charity / Partnership (private/charity) / Other (public/private)
- Revenue model: Single ecosystem / Multiple ecosystem / Market enabler
- Habitat in which the project is implemented: Urban/peri-urban / Enclosed farmland / Mountain, moor and heathland / Freshwaters and wetlands / Woodland / Coastal margins / Marine / Semi-natural grassland

To minimise evaluation burden, projects selected for longitudinal interviews will not be involved in snapshot interviews, and no project will be asked to take part in more than two rounds (out of five) of snapshot interviews, and if possible not more than one. Contact details of project leads were provided as part of the application, and we asked the project lead to put us in touch with the consultant. Funded projects have a contractual obligation to take part in the evaluation and all participants contacted agreed to take part in an interview.

All interview topic guides were developed by Ecorys and signed off by Defra before use. An information sheet and privacy notice with information about why and how their data would be collected, used, stored and destroyed were shared with interviewees in advance. Interviews lasted between 45-60 minutes and were conducted over MS Teams, recorded with the participant's permission, and auto-transcribed.

All interview data was analysed thematically to address the evaluation questions.

Online survey

In January/February 2022 we ran the first of three annual **online surveys** of all grantees and unsuccessful applicants scoring 60% and above (82 recipients). The survey was scripted using Confront Survey Designer software, which is fully GDPR-compliant, and disseminated by emailing the project lead or lead applicant named in the proposal, or the project's main contact provided by the EA.

The survey was live for 3 weeks in January and February 2022 and project leads/lead applicants were asked to complete it (one response per project). The survey took between 10-15 minutes to complete and included routing to suit different respondents, for example successful and unsuccessful applicants. The response rate was 54% (44 out of 82, of which 25 from grantees and 19 from unsuccessful applicants), which exceeded the target of 40%.

Before accessing the survey, respondents had access to the privacy notice. They were also given the contact details of the evaluation project managers at Ecorys and Defra, to

contact if they had any questions regarding the evaluation. To begin completing the survey, they had to select that they have read and understood the privacy notice, and that they were happy to complete the survey. Participants were able to withdraw their answers from the research by contacting Ecorys before reports are published. Nearly all questions in the survey were optional – the only exception were key routing questions such as whether their application was successful – so respondents could skip any questions they did not want to answer. This helps ensure a higher response rate as it keeps respondents from dropping out if they want to skip a question but are not allowed to. Partially completed surveys that include at least six questions were included in the analysis and reporting. The base size for each survey question is included in the report, with percentages included where the base size is 30 or more.

MI data

The evaluation also includes the analysis of MI data. We began by reviewing and summarising **project applications** from grantees and unsuccessful applicants scoring 60% and above. Project applications were analysed to identify the following project characteristics: lead organisation type, governance structure, type of project (project, code, market enabler, etc.), budget (NEIRF + match funding), innovation v tried & tested approach, key aims/objectives, habitats, geographical area, revenue model, and investment needed. These were used to develop interview samples for unsuccessful applicant, longitudinal and snapshot interviews.

This report also includes the analysis of eight **mid-point reports** submitted by 18th February 2022.

Additionally, Ecorys reviewed the **self-assessment tool** developed by GFI, and edited it to include feedback from grantees. We developed two versions of the tool: one for projects and one for Codes. Both versions of the tool include the eight key stages projects are expected to go through on their investment-readiness journey, or in the process of developing a tool (however, not all stages apply to all projects). Projects were asked to complete the tool by entering their project-specific milestones against each of the eight stages, and RAG rating their progress against each milestone. Each project will complete the self-assessment tool at the start, mid-point and end of their project.

The pictures below illustrate the self-assessment tool baseline tabs for projects (Figure 14) and for Codes (Figure 15). Each tool includes three tabs on an Excel spreadsheet, where milestones are copied across from baseline to mid-point and end-point, and projects are asked to update the RAG rating in each tab.

Figure 14. Self-assessment tool for projects

Project Name:																							
Completed by:																							
Status		Status		Status		Status		Status		Status		Status		Status									
Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●						
Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●						
Insert milestones here	●	Insert milestone 5 here	●	Identifying ecosystem service(s)		Insert milestones here	●	Insert milestone 5 here	●	Identifying & working with buyer(s)		Insert milestones here	●	Insert milestone 5 here	●	Identifying & working with seller(s)							
Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies & if milestones are NOT part of NEIRF:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:													
Status		Status		Status		Status		Status		Status		Status		Status		Status							
Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	SELF ASSESSMENT TOOL FOR INVESTIBLE PROJECTS						Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●						
Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●							Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●
Insert milestones here	●	Insert milestone 5 here	●	Identifying & working with investors								Insert milestones here	●	Insert milestone 5 here	●	KPIs between sellers & buyers		Insert milestones here	●	Insert milestone 5 here	●		
Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:																		
Status		Status		Status		Status		Status		Status		Status		Status		Status							
Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●						
Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●						
Insert milestones here	●	Insert milestone 5 here	●	Developing an investment model		Insert milestones here	●	Insert milestone 5 here	●	Intervention & long-term upkeep		Insert milestones here	●	Insert milestone 5 here	●	Governance & delivery plans							
Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:													

Figure 15. Self-assessment tool for Codes

Project Name:		0																					
Completed by:																							
Status		Status		Status		Status		Status		Status		Status		Status		Status							
Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●						
Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●						
Insert milestones here	●	Insert milestone 5 here	●	Additional stages - to add if/as needed		Insert milestones here	●	Insert milestone 5 here	●	Assessment of demand for the Code		Insert milestones here	●	Insert milestone 5 here	●	Scope for the code & eligibility req'ments							
Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:													
Status		Status		Status		Status		Status		Status		Status		Status		Status							
Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	SELF ASSESSMENT TOOL FOR CODES						Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●						
Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●							Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●
Insert milestones here	●	Insert milestone 5 here	●	Integration into broader Codes								Insert milestones here	●	Insert milestone 5 here	●	Development of code methodology		Insert milestones here	●	Insert milestone 5 here	●		
Comments, including risks/dependencies & if milestones are NOT part of NEIRF:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:																		
Status		Status		Status		Status		Status		Status		Status		Status		Status							
Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●	Insert milestones here	●	Insert milestone 3 here	●	Insert Milestone 2 here	●						
Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●	Insert milestones here	●	Insert milestone 4 here	●	Insert Milestone 1 here	●						
Insert milestones here	●	Insert milestone 5 here	●	ICROA certification		Insert milestones here	●	Insert milestone 5 here	●	Relationship with the Land Carbon Registry		Insert milestones here	●	Insert milestone 5 here	●	Testing							
Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:					Comments, including risks/dependencies, if milestones are NOT part of NEIRF & relevant outputs/links:													

Findings in this report are based on all 29 Round 1 baseline self-assessments and seven mid-point self-assessments submitted by 18th February 2022. Self-assessment tools were analysed by calculating the difference between the proportion of milestones rated Red, Amber and Green at baseline and mid-point.

Annex 2. Project summary tables

NEIRF1019	A Natural Capital Investment Company (NCIC) for Accelerating Delivery of Habitat Banks
Lead organisation type	Charity (Surrey Wildlife Trust (SWT))
Governance structure	Finance Earth will lead the development of the corporate structure, financial model, investment case and investor engagement and capital structuring for the pilots and NCIC. SWT will lead the development of habitat bank delivery models, BNG products and credit maturity model. SWT and Finance Earth will set up the NCIC vehicle and governance.
Type of project (investible project/ market enabler)	Investible Project (Habitat Bank)
Budget	£100,000 (+£82,689 match funding)
Innovation vs. tried and tested approach	An innovative, "blueprint delivery model" for other wildlife trusts, showcasing a "new mission" of providing dedicated capacity to scale up habitat restoration.
Key objectives/ aims	The NCIC for Accelerating Delivery of Habitat Banks will drive a new way of achieving systemic investment in natural assets and mobilise local delivery of high-quality habitat restoration projects in strategic locations to deliver local Nature Recovery Network strategies and the goals of the 25 Year Environment Plan. The aim is to establish an NCIC vehicle, which will support the development, financing and delivery of habitat creation and restoration projects that benefit nature and people, creating a pipeline of biodiversity units for the development sector.
Environmental Outcomes	BNG through large scale restoration of a range of natural habitats across Surrey and Sussex, initially at four pilot sites with around 94ha of coverage (400 BNG units over 30 years) and aiming for 250ha (1200 BNG units) of restored land longer term.
Habitats	Woodland Mountain, moor, heath Freshwater and wetlands Grasslands Farmed land Urban Four pilot sites will be restored to support biodiverse wetlands, coastal habitats, heathland and mires, saltmarshes, and native woodlands.
Geographical area	Worthing and West Sussex (with hopes to scale up in South-East Surrey), South-East England.

Revenue model	The project will generate revenues through the generation and sale of Biodiversity Units to deliver BNG. Habitats will generate BNG credits which will be sold to developers requiring BNG offsets and used to repay investors.
Investment needed	£1-2 million investment for habitat restoration across 4 pilot sites to deliver 94ha of restored habitats and 400 BNG units over 30 years.

NEIRF1021	The Wildlife Trusts' Habitat Banking Investment Model
Lead organisation type	Charity (Berkshire, Buckinghamshire, Oxfordshire Wildlife Trusts)
Governance structure	Finance Earth is responsible for designing the financial, governance and contracting structure to secure investment in the pilot sites, whilst the Wildlife Trusts undertake site assessments, partnership building, and site pipeline development.
Type of project (investible project/ market enabler)	Investible Project (Habitat Bank)
Budget	£100,000 (+£45,126 match funding)
Innovation vs. tried and tested approach	Brings together, for the first time, four Wildlife Trusts to meet demand for BNG credits through a new habitat banking investment model.
Key objectives/ aims	Developing a new finance model to deliver BNG at scale, receiving signed investor commitments by July 2022 to enable £2.5 million in investment to deliver habitat banking plots, and to share learnings and create scalable investment for other Wildlife Trusts.
Environmental Outcomes	A habitat banking investment model aiming to secure funding to initially restore 128ha of land (458 BNG units), including 45ha of new/enhanced floodplain and 22ha of new/enhanced aquatic habitats. The longer term goal is to spread habitat banking across seven counties to cover 318ha (1112 BNG units) using the same investment model.
Habitats	Grasslands Woodland Freshwater and wetlands Three pilot sites will be restored to support more ecologically functional landscapes, creating wetlands, scrub, woodlands and 54 grasslands.
Geographical area	Three pilot habitat bank sites in Oxfordshire, Warwickshire, and Cheshire

Revenue model	The project will generate revenues through the generation and sale of Biodiversity Units to deliver Biodiversity Net Gain.
Investment needed	The project aims to have signed investor commitments by July 2022 to enable £2.5 million investment to deliver habitat banking plots across the 3 pilot sites identified.

NEIRF1026	Scaling up Natural Capital Investment through the Greater Manchester Environment Fund
Lead organisation type	Charity (Lancashire Wildlife Trust)
Governance structure	The pilot involves a cross-sectoral partnership between Lancashire Wildlife Trust (LWT), Greater Manchester Combined Authority (GMCA), Finance Earth and GMEF's Steering Group.
Type of project (project, code, market enabler)	Investible Project (Habitat Bank and Fund)
Budget	£100, 000 (+ £87,704 match funding)
Innovation vs. tried and tested approach	A unique approach taken by a UK city region to strategically aggregate and leverage funding to deliver ecological recovery.
Key objectives/ aims	This project allows GMEF to implement a financing model based on carbon and BNG income to lever investment into GM's habitats. This will enable the scaling-up of Greater Manchester Environment Fund facilities to realise GM's Local Nature Recovery Strategy (LNRS).
Environmental Outcomes	Restoring at least one priority habitat in Salford, with at least 50ha at Chat Moss (150 BNG units) site, delivering around 1,450 tonnes of CO2 savings annually. The project is especially focused on restoring degraded peatland, creating a conservation funding model that can be scaled to extend restoration opportunities towards a potential 951 BNG units from Salford pipeline sites.
Habitats	Woodland Mountain, moor, heath Freshwater and wetlands Grasslands
Geographical area	Salford, North West England
Revenue model	This project will stimulate repayable finance to restore valuable habitats in Greater Manchester through the development of a robust and scalable investment model, based on biodiversity and carbon income.

	The pilot aims to secure investment into restoration of a pilot peatland site based on stacking income from BNG and carbon, proving an investment model to replicate and scale.
Investment needed	The goal is to attract, within 12 months, signed investment commitments of £2m to restore at least one priority habitat in Salford, prioritising at least 50ha at Chat Moss to deliver about 1,450 tonnes CO2 savings per year, and 140 BNG units.

NEIRF1028	Wendling Beck Exemplar Project (WBEP)
Lead organisation type	Charity (Norfolk Wildlife Trust)
Governance structure	The project will be managed by the core WBEP team, consisting of two landowners, representatives from the Norfolk River Trust, Norfolk Farming and Wildlife Advisory Group and the Norfolk Wildlife Trust.
Type of project (project, code, market enabler)	Investible Project (Habitat Bank and Fund)
Budget	£99,718 (+ £146,066 match funding)
Innovation vs. tried and tested approach	Example of teamwork and collaboration to create integrated corridors of nature on a landscape scale. Natural capital solutions demonstrate innovation, from pioneering legal and management agreements through to delivery via constructed wetlands. The project includes a Natural England Credit Scheme pilot which will enable the sale of statutory credits back to Government.
Key objectives/ aims	The project intends to blend public and private funding, such as developers' contributions through Biodiversity Net Gain, to catalyse land use change including the creation of species-rich meadows, heathland, woodland and wetland restoration. Native livestock will be introduced to extensively manage the grassland along with a regenerative approach to agriculture which will blend new technology and techniques on the remaining arable land.
Environmental Outcomes	A landscape-scale restoration project of 784ha of land, converting farmland and other existing uses into restored rivers, grasslands, wetlands and forests across the site. Environmental benefits are expected to include nature recovery, biodiversity, nutrient management, and improvements to water, soil and air quality.
Habitats	Farmed land Freshwater and wetlands 2000 acres of meadow, heathland, woodland, and wetland restoration across an area that is currently in intensive arable production.
Geographical area	East Anglia
Revenue model	3 types of environmental credit markets: 1) biodiversity units 2) nutrient and water credits 3) carbon credits. Generates revenue primarily through the sale of BNG units, and also blending public finance options such as ELM alongside private finance i.e., BNG, flood mitigation, nutrient balancing, and carbon offsetting.
Investment needed	Currently in the process of developing an investment model.

NEIRF1029	The Carbon Bank
Lead organisation type	Private company (Ecotricity New Ventures)
Governance structure	The project and aggregator vehicle will both be managed internally by the Ecotricity director and staff.
Type of project (project, code, market enabler)	Both an Investible Project (Standard Project) and a Market Enabler (Aggregator Vehicle/Platform)
Budget	£89,675 (+ £23,000 match funding)
Innovation vs. tried and tested approach	The UK's first dedicated green energy company. New business model which uses customer's money to fund the building of new sources of renewable energy (their money invested into rewilding projects).
Key objectives/ aims	This project entails the assessment of potential to generate carbon credits from Eccentricity's current land holdings alongside developing a web platform to sell credits (a Carbon Bank). This project aims to survey the current land portfolio in order to identify areas suitable for woodland creation/ carbon sequestration, and then to build a financial model for partners and potential investors to assess the suitability of a site for carbon sequestration.
Environmental Outcomes	Identifying land sites that they own across their ventures and using them as pilots to test suitable methods for tree planting and sequestration to sell as Biodiversity and Ecosystem Services (BES). This will give them their first market product to sell with quantified, Woodland Carbon Code accredited environmental gains for their Carbon Bank project.
Habitats	Woodland
Geographical area	Project will review all potential sites, country-wide
Revenue model	This project identifies land on Ecotricity's portfolio that can be used to sequester carbon in line with the WCC and sell the woodland carbon credits via a bespoke web platform. An outlet to sell credits to 200,000 customers looking for greener outcomes.
Investment needed	Support is currently in place, through Ecotricity New Ventures, to establish the first project. Once a suitable area of land in their portfolio is identified, they are open to working with established and new contacts to sell their carbon credits via the Carbon Bank web platform.

NEIRF1039	Hadrian Bond
Lead organisation type	Private company (Adaptery Ltd)
Governance structure	The governance structure of the scaled Hadrian Bond will be informed by the pilot which draws together multiple stakeholders with different interests and priorities. The project management framework will be stratified across three principal stakeholder segments: investor / payor / farm.
Type of project (project, code, market enabler)	Investible Project (Standard Project, Environmental Impact Bond)
Budget	£100,500 (+ £200,000 match funding)
Innovation vs. tried and tested approach	The UK's first Environmental Impact Bond centred on regenerative agriculture, signalling a new era of natural capital accounting and polluter-pays legislation, under which there are increasing opportunities to sell ecological outcomes from regenerative impact projects.
Key objectives/ aims	Establishing an Environmental Impact Bond (EIB) to stimulate regenerative agricultural across a suite of farms. The project will seek to fund the EIB through modelled revenue from regenerative agriculture, carbon, biodiversity units and potentially wider catchment services such as improved water quality.
Environmental Outcomes	EIB that incentivises farmers to follow regenerative practices, to improve their water, carbon, nutrients and other biodiversity/ environmental benefits through the potential for stacked sales of measured and verified regenerative farming outcomes. This covers 16 farms and 6000ha.
Habitats	Farmed land (Livestock and lowland farms) Mountain, moor, heath Freshwater and wetlands Woodland
Geographical area	Northumberland, North East England
Revenue model	Environmental Impact Bond funded through revenue based on regenerative agriculture - carbon, biodiversity units and potentially wider catchment services such as water quantity. Environmental outcomes are incentivised, audited and sold from the pilot area in order to generate returns for equity and debt investors. This project channels impact investment to farms which adopt regenerative policies/ practices. As risk is transferred onto impact investors, farmers can innovate at reduced risk. EIB serves to reduce up-front operating and capital costs and satisfy regulatory compliance requirements for the various beneficiaries. Under outcomes-based contracting, equity and bond investors make a return when environmental outcomes are achieved.

Investment needed

Information not available at this stage

NEIRF1047	Natural Capital investment aggregation vehicle (RSPB)
Lead organisation type	Charity (RSPB)
Governance structure	Finance Earth is the core contractor. The development of the Aggregation Vehicle will be managed within the RSPB Income Portfolio, as part of the Conservation Investment Programme. The associated BNG & Carbon Delivery Projects through project-specific Boards are managed within RSPB England. The Vehicle is likely to be a separate entity, contracting delivery from RSPB and with initial governance shaped by the RSPB.
Type of project (project, code, market enabler)	Market Enabler (Aggregator Vehicle/Platform)
Budget	£59,638 (+ £106,976.87 match funding)
Innovation vs. tried and tested approach	This is a new venture for the charity, engaging with equity finance for the first time
Key objectives/ aims	This project aims to establish an aggregation vehicle of at least £5M of equity finance for habitat creation across England. It currently includes 4 debt-financed projects and 2 in negotiation, to be restored for nature. It is using NEIRF's 12-month window for 180ha of habitat restoration. The project involves developing the internal codes of practice, ethical and financial risk screening processes, and business and investment models needed to establish an equity aggregation vehicle and engage properly with it. It will create the business models needed to demonstrate potential revenue from net gain markets and combine them with existing ones developed for carbon.
Environmental Outcomes	The project aims to produce 180ha of habitat creation across 12 months, using at least 4 but up to 6 initial 'pioneer' pilot sites to demonstrate potential for carbon or BNG gains and has a further pipeline of land which could be used for habitat creation.
Habitats	Woodland Mountain, moor, heath Freshwater and wetlands Grasslands Farmed land Urban Coastal
Geographical area	Country-wide. 6 initial sites are in Oxfordshire, the Fens NCA, The Humber, Lancashire, North Kent Plain NCA and Devon. Pipeline of additional sites in development for 12-24 months.
Revenue model	This model sells credits on international voluntary carbon markets and gets commercial returns on BNG.

Investment needed	Aiming to attract at least £5M of private equity to the proposed aggregation vehicle, with a potential to scale up to upwards of £50 million into similar projects UK wide. Currently in the early stage of sounding out investors and hoping to produce a model that will in time be suitable for institutional investment funds.
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NEIRF1051	Green Investment in Greater Lincolnshire (GIGL)
Lead organisation type	Charity (Lincolnshire Wildlife Trust)
Governance structure	Not specified although the project will determine if a special purpose vehicle(s) is required to enable the market. It will also identify any partnership governance mechanisms required to manage the market and platform, which may include establishing a new constituted GIGL body
Type of project (project, code, market enabler)	Market Enabler (Aggregator Vehicle/Platform)
Budget	£100, 000 (+ £19,770 match funding)
Innovation vs. tried and tested approach	Spatial scale reaches across landscapes and whole catchments, whilst also addressing pockets of deprivation. Exploring the concept to build investor confidence and public support.
Key objectives/ aims	The main aim is to develop a one-stop-shop for biodiversity, carbon, and water credit trading in a consistent, fair and transparent manner. This project aims to establish an ecosystems credit trading scheme bespoke to Greater Lincolnshire and its issues, identifying strategically located nature-based solutions that address environmental issues and uplift communities in an equitable manner. Objectives include developing a suppliers' registry- including what ecosystem services they can offer to sell- ensuring a pipeline of projects. It will also quantify demand through identifying buyers and establishing the scale of the market and value.
Environmental Outcomes	Mission to create a fair, equitable and transparent market in natural environment asset trading across Greater Lincolnshire, to ensure a green investment economy that delivers for people and wildlife. Contracting specialists to identify the mechanisms required to establish a market vehicle to trade in biodiversity, carbon, and water credits.
Habitats	Woodland Mountain, moor, heath Freshwater and wetlands Grasslands Farmed land Urban Peatland Coastal
Geographical area	Greater Lincolnshire, East Midlands
Revenue model	A credit-trading model in which nature-based solutions are designed to meet BNG requirements/ capture carbon/ polish water of nutrients. Credit value will be calculated based on how much the scheme costs. Suppliers (landowners) will be investing in their natural capital assets

	and then selling that investment value, i.e., ecosystem services. Stacking will ensure longevity.
Investment needed	No information available

NEIRF1053	Landscapes for Water in the Calder and Colne Catchment (“L4W”)
Lead organisation type	Charity (National Trust)
Governance structure	Not specified
Type of project (project, code, market enabler)	Investible Project (Environmental Impact Bond)
Budget	£98,000 (+ £21,267.80 match funding)
Innovation vs. tried and tested approach	A novel funding model to attract private investment, create woodland and deliver NFM interventions. An innovative way of financing off-balance-sheet interventions for the water sector/ an opportunity to transfer risk to the private sector.
Key objectives/ aims	The project aims to build an investment case for NFM and woodland creation in the Upper Calder & Colne (UC&C) catchments, thus “slowing the flow” of water during flood peaks, reducing erosion and siltation, and improving water quality in areas that are prone to flooding. Through restoring uplands, this project contributes to improved water quality and reduces the impact of drought on water availability as the capacity of the uplands to hold, store and filter water is improved. NFM interventions, moorland restoration and woodland creation can all contribute to reduced risk from floods, fires and droughts which is essential for the region’s future resilience to climate change.
Environmental Outcomes	The project has a proposed 600ha of broadleaf woodland creation and will support delivery of the White Rose Forest’s target of 2,500Ha of woodland creation by 2050, alongside restoration of around 450ha of peat and heathland. The project expects to deliver wider environmental benefits, such as to water quality, reductions in the amount of flooding, biodiversity and nutrient levels and the potential carbon sequestration benefits of the woodland.
Habitats	Mountain, moor, heath Freshwater and wetlands Woodland Grasslands Urban Peatland
Geographical area	Yorkshire
Revenue model	L4W has identified revenue in 3 main sources: creation and sale of 1) carbon credits and 2) BNG credits to corporates and developers, and 3) outcomes payments for water quality, reduced flooding impact and frequency by local governments, utilities companies and insurers. The model has attracted upfront third-party investment. The project will investigate opportunities to stack income streams.

Investment needed

The Initial target for the first 12 months of the project is to secure £5m of funding. Estimations suggest £4-£8 million of investment could be raised, with research expecting £8 million over 5 years.

NEIRF1056	Worcestershire: developing a Natural Capital Investment Partnership
Lead organisation type	Public body (Worcestershire County Council (WCC))
Governance structure	An established, formal steering group of stakeholder organisations lead the project with the aim to replicate it across South Worcestershire districts.
Type of project (project, code, market enabler)	Investible Project (Habitat Bank)
Budget	£82,835 (match funding n/a)
Innovation vs. tried and tested approach	The development of a charging schedule for biodiversity units and the establishment of a functional habitat bank is hugely innovative in Worcestershire and includes new tools to engage with developers and to calculate demand for and secure off-site BNG.
Key objectives/ aims	This project aims to develop a costed operational framework for the delivery of BNG through the local authorities' planning functions. It will ensure that the 10% BNG mandate can be delivered successfully, and that finance derived via this mechanism is invested in improving the natural capital asset value of Worcestershire. The objective is to develop a scalable operating model to which the other local planning authorities within the county will be encouraged to 'opt-in' to standardise a streamlined approach to delivering BNG. The operating model needs to be capable of helping developers deliver their BNG requirements, helping local planning authorities navigate the process of securing BNG, helping landowners in Worcestershire participate in any future 'market' for biodiversity offsetting, and ensuring that BNG investment achieves genuine net gains for Worcestershire's biodiversity.
Environmental Outcomes	This project will create a tool that can quantify the impact of projects on the environment and the BNG potential for areas. It enables the selling of these credits via habitat bank, leading to positive biodiversity and habitat outcomes in line with development and is a model that could be distributed to other district planning authorities. Other outcomes include the reduction of flood risk, the sequestration of carbon, provision of pollination services and wider protection of wildlife.
Habitats	Urban Farmed land Mountain, moor, heath Freshwater and wetlands Woodland Grasslands
Geographical area	South Worcestershire districts of Wychavon, Malvern Hills, and Worcester city, West Midlands

Revenue model	Investment model providing the framework for selling biodiversity units via a habitat bank to deliver the offsetting requirement for BNG. This project will look at a range of scenarios for developer requirements for on and off-site BNG, giving detailed financial modelling of the potential investment we might expect to receive from the sale of environmental credits. It will also analyse the potential for receiving investment from district level licensing, environmental permit breaches, and carbon credit trading/ offsetting. Methods of repayment could include reduction of costs associated with flood management, etc.
Investment needed	The project will consider a range of scenarios for developer requirements for on and off-site BNG which will give detailed financial modelling of the potential investment expected from the sale of environmental credits. The project will also analyse the potential for receiving investment from district level licensing, environmental permit breaches, and carbon credit trading/ offsetting. The method of repayment could be varied but could include reduction of costs associated with flood management, among others.'.

NEIRF1061	Cornwall Habitat Bank
Lead organisation type	Public body (Cornwall Council)
Governance structure	The specifics of the project structure, governance, roles and responsibilities and delivery plan will be established during the feasibility study and options appraisal which will identify the scope, legal status, projected scale, governance and management framework of the Cornwall Habitat Bank.
Type of project (project, code, market enabler)	Investible Project (Habitat Bank)
Budget	£99, 404 (+ £101, 196 match funding)
Innovation vs. tried and tested approach	Cornwall Habitat Bank (CHB) innovates at county scale, focusing on BNG.
Key objectives/ aims	The current goals of the project are to identify whether the creation of a 'Habitat Bank' in Cornwall is feasible within the current market and set up a preferred model after an options analysis. This model will include financial, legal and monitoring considerations as well as a habitat register. Main aims include identifying the preferred option for creating a Cornwall habitat bank by undertaking initial feasibility, cost/benefit analysis and options appraisal, the piloting and establishing building blocks of the CHB.
Environmental Outcomes	The geographical diversity of Cornwall makes it well suited to deliver a range of positive environmental outcomes through the habitat bank it creates across the county. The feasibility assessment, measurement, and piloting of banking of Cornish habitats could include a mix of agricultural land, woodland creation, urban habitat creation, peatland and river restoration and innovative blue carbon credit system. Knock on environmental benefits would include various mechanisms for reducing carbon emissions, managing the inshore seabed, achieving good ecological status of rivers, etc., all of which could all potentially be delivered in the Cornwall area.
Habitats	Urban Farmed land Mountain, moor, heath Freshwater and wetlands Woodland Coastal Marine Grasslands Peatland
Geographical area	County of Cornwall (not including Isles of Scilly), South West England
Revenue model	The funding model will be explored fully by an external consultancy, including the potential blending, and stacking of various revenue

	streams. CHB will attract revenue from existing and emerging sources linked to biodiversity units, carbon credits, voluntary carbon offsetting, carbon credits, and potential corporate investments into a brokerage and delivery framework investing in ecosystem services, as well as local companies offsetting through CSR. Demand has been established with land agents, businesses, farmers, and developers. Habitat bank one-stop shop brokerage service to blend finance.
Investment needed	By August 2022, a feasibility study and options appraisal will be completed, as well as a marketing and engagement plan and costed implementation plan (which includes potential governance structure). There will also be a business case and other building blocks of Cornwall Habitat Bank – such as a land register of potential interested landowners. This will then allow more accurate determinations of the levels of expected investment and revenue to be generated beyond the grant period.

NEIRF1067	Doubling Nature
Lead organisation type	Public body (Mersey Forest)
Governance structure	A cross-sector Governance Board has overall responsibility for governance, including partner Councils, advisors, EA, United Utilities, Manchester Airport and Tatton Estates.
Type of project (project, code, market enabler)	Investible Project (Standard Project, Environmental Impact Bond with SPV)
Budget	£96, 000 (+ £73,500 match funding)
Innovation vs. tried and tested approach	The model builds on the approach taken on the Wyre Catchment to deliver a bespoke, place-based and catchment scale SPV to attract private investment and secure natural capital benefits across the Bolin catchment.
Key objectives/ aims	The objectives of Doubling Nature focus on delivering multiple benefits through a range of habitat creation and management, supported primarily by buyer contracts for NFM and water quality, and by secured grant support for woodland and priority habitat creation. The main aim is to develop a catchment scale approach to doubling woodland cover and/or woodland under management across the Bollin Catchment, through a mix of interventions from planting to management including productive woodland, amenity woodland, and rewilding woodland within 25 years. Another interest is to double other priority habitats, including creating or managing 900ha of semi-natural or marshy grasslands, 80ha of heathland and 75ha of mire (bog) within 25 years.
Environmental Outcomes	The project intends to create 250ha of woodland, as well as double priority habitats, creating 900ha of semi-natural or marshy grasslands, 80ha of heathland and 75ha of mire (bog) within the next 25 years. The initial phase the project will aim to sequester 75,000 tonnes of carbon (after 30 years), whilst 8,800 ha within the Bollin catchment has been identified as an opportunity area for reducing surface water runoff or reducing soil erosion and sedimentation (enhancing water quality).
Habitats	Woodland (primarily) Freshwater and wetlands Grasslands Mixed Peatland Urban
Geographical area	Mersey Forest, North West England
Revenue model	Establish a place-based SPV to attract investment through a fixed rate bond repayable through NFM, BNG and Carbon Credits.
Investment needed	The investment model will develop through the course of the project.

NEIRF1072	A case for a UK Saltmarsh Carbon Code: Evidence, Intervention and Investment
Lead organisation type	UK Centre for Ecology & Hydrology (UKCEH)
Governance structure	The project Board includes one person from each of the 8 organisations involved in developing the Code.
Type of project (project, code, market enabler)	Market Enabler (Code/Standard)
Budget	£99, 931 (+ £69,381.47 match funding)
Innovation vs. tried and tested approach	Filling a major gap in carbon markets by creating a tool to unlock capital into saltmarsh restoration projects. This project is the first to bring together key stakeholders required to develop a science-led and commercially viable carbon standard.
Key objectives/ aims	This project is developing a pilot UK Saltmarsh Carbon Code that will be applicable UK wide. It will be a rigorous and scientifically based voluntary certification standard enabling saltmarsh carbon to be marketed and purchased by private investors, thus providing an income stream for restoration projects. A formal code will provide assurances to buyers that the climate benefits being sold are real, quantifiable, additional, and permanent. The overarching aim is to contribute towards the sustainable management of saltmarsh, and restoring and recreating habitat where possible, to protect and enhance the benefits they provide, positively embracing a nature-based solution to climate change mitigation.
Environmental Outcomes	Indirect environmental outcomes. Through the facilitation of an accredited Saltmarsh Carbon Code, more areas will be incentivised to restore, expand or establish saltmarshes for purposes of carbon sequestration due to the monetisation, unitisation and the buying/selling carbon market. It has scope for to restore up to 20,000ha of habitat for potentially over £1 billion in saltmarsh carbon revenue over 25 years.
Habitats	Marine and coastal
Geographical area	Across a range of English sites with different dynamics: Skeffing (North Humber), Old Hall Marshes (Essex), Arne Moors Managed Realignment Project (Dorset), Steart Marshes (Somerset)
Revenue model	Revenue generated through the pilot will create vital financing opportunities to create more habitat through restoration projects. This project aims to generate revenue through the sale of Saltmarsh Carbon Credits in a similar way as other projects registered under the existing Woodland Carbon Code and Peatland Code sell Woodland Carbon Credits and Peatland Carbon Credits respectively. While the credits will

	not yet be able to be used as official offsets within UK environmental reporting guidelines, (which is the longer term aim of the project), seeking and engaging with corporate buyers looking to support the blue carbon sector will catalyse the market's development.
Investment needed	The level of investment will depend on the pilot site outcomes. Once saltmarsh scientific baselines are established, the pilot Saltmarsh Carbon Code will be implemented and then commercialisation of the model pending review will determine how much investment is required and how much of the expected £15 per tonne for saltmarsh sequestration could realistically be delivered. As a guide, the pilot site is likely to be in the region of 20-50 ha. Assuming industry figures of £50k/ha restoration cost gives a total funding requirement of £1-2.5M.

NEIRF1076	Warwickshire Carbon & Environmental Markets
Lead organisation type	Public body (Warwickshire County Council (WCC))
Governance structure	Not specified
Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£72,000 (+ £820,000 match funding)
Innovation vs. tried and tested approach	WCC has created a nationally acclaimed BNG market that has generated over £4M in Warwickshire & Coventry since 2015; this project builds upon established knowledge.
Key objectives/ aims	The main aim is to support the development of a Natural Capital Investment Strategy and deliver recommendations and business cases for establishing carbon and other ecosystem service markets within Warwickshire's local authority consenting regimes. The objective is to enable local and national sale of Warwickshire woodland credits and to investigate other market-based approaches that will deliver landscape based solutions for nature, communities and investors. The income related to consenting regimes will enable the planting of 566,000 trees, fund significant habitat creation/restoration projects and ensure the long-term sustainable funding of Warwickshire's natural environment and WCC's environmental ambitions.
Environmental Outcomes	The project aims at landscape level to regenerate or establish carbon and other biodiversity and ecosystem services to make these environmental outcomes a positive investment opportunity. This includes assessing their existing land and acquiring more in order to make use of tree planting grants and opportunities to make full use of developing stacking and bundling opportunities for environmental gains, having them accredited by the Woodland Carbon Code and facilitating a market for environmental outcomes for not only carbon sequestration but other biodiversity and ecosystem services opportunities on these sites such as nitrate/phosphate/other nutrient reduction and cleaning air pollution.
Habitats	Urban Farmed land Freshwater and wetlands Woodland Grasslands
Geographical area	Local Authorities of Warwickshire County Council, West Midlands
Revenue model	The primary focus is expanding from BNG to woodland carbon. The project will blend public funding for tree planting with carbon credits to enable return and reinvestment. Options to stack and bundle wider ecosystem services are being considered.

Investment needed	The initial target is to use Warwickshire carbon, and other ecosystem services, and credits.
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NEIRF1079	Sussex Bay Kelp
Lead organisation type	Public body (Adur District & Worthing Borough Councils)
Governance structure	Not specified
Type of project (project, code, market enabler)	Market Enabler (Code/Standard)
Budget	£79, 000 (+ £114,500 match funding)
Innovation vs. tried and tested approach	Creating a blue carbon code for kelp will be an innovation for the sector and demonstrate the potential for investment. The project introduces the green gravel kelp restoration method for the first time in UK.
Key objectives/ aims	This initiative is working to develop investment models to support kelp restoration, seeking to unlock private investment alongside grant funding. It aims to develop a site-specific understanding of the carbon captured by restoring kelp forests and broadening the work out to explore opportunities for voluntary marine BNG (and learning to support the development of mandatory arrangements), and to examine further revenue opportunities in relation to water quality management and coastal defence.
Environmental Outcomes	The initial pilot area seeks to restore 1km ² of kelp area, the environmental outcomes, i.e., carbon stored, will provide the basis of the blue carbon market and model to be replicated across the exclusion zone area. Fully restored, the project estimates the kelp forest will deliver 17,000 tonnes of carbon storage, worth £25 million, over 75 years. It is also the first UK demonstration of the green gravel kelp restoration method, which could be implemented in other projects with knock-on environmental gains as a result, with other stackable ecosystem services associated with kelp including protecting and restoring intertidal habitats, sustainable fishing and seaweed aquaculture.
Habitats	Marine and coastal
Geographical area	Sussex, South East England

Revenue model	The priority revenue model is blue carbon sales. Once credit structure and project costs are understood, a financial model will be used to engage investors to refine the investment model. Investors will receive returns in the form of a variable rate of carbon benefit. Restoration and area management costs will be established during the project and built into the investment case.
Investment needed	The project seeks to access initial investment of £500K-£1M to restore 1km ² , which will provide the basis for the model to be replicated across the exclusion zone area in Sussex Bay. The project has a variety of written commitments for investment in the pilot, including specific investment interest from 2 large companies seeking local offsetting solutions. Once credit structure and project costs are understood, a financial model will be used to engage investors to refine the investment model. Investors will receive returns in the form of variable rate of carbon benefit.

NEIRF1082	Creation of a hedgerow carbon code
Lead organisation type	Charity (Allerton Research & Educational Trust)
Governance structure	Not specified
Type of project (project, code, market enabler)	Market Enabler (Code/Standard)
Budget	£81,411 (+ £24,402 match funding)
Innovation vs. tried and tested approach	Innovative in that there is not yet a Hedgerow Carbon Code that is agreed and standardised in the UK to allow for a trusted carbon credits market for investors or buyers. The use of <i>Landuse App</i> to measure hedgerow carbon sequestration also is innovative.
Key objectives/ aims	This project is centred on the creation of an auditable Hedgerow Carbon Code to increase the amount of carbon storage in farmland hedgerows, encouraging better management and delivery of knock-on benefits for biodiversity, soil, and water. The project has huge national potential, enabling farmers to increase the amount of carbon stored in their hedgerows and trade those carbon credits, providing an additional carbon sequestration opportunity where woodland/peatland does not exist. The project will create a carbon calculation tool for hedges which can be independently audited and operationalised within 12 months.
Environmental Outcomes	Indirect environmental outcomes. Facilitating a new carbon sequestration market by making the carbon stored in hedgerows measurable and accreditable. This encourages the development of a

	buying and selling market for these types of credits by adding legitimacy and thus boosting outcomes towards carbon reduction even in areas where woodland/peatland etc. would not be appropriate, with knock on environmental benefits for habitats and potentially future biodiversity net gain credits to sell as well.
Habitats	Hedgerow Grasslands Urban Farmed land Woodland
Geographical area	Pilot is in Leicestershire, scaling-up across the UK
Revenue model	The project includes field trials with partners but is principally a code development project. Hedgerow carbon credits could be traded alongside selling produce e.g. grain. Revenue would be generated for carbon sequestered and cost savings of fewer passes with the tractor and flail. The project would provide clarity on the units and amount of carbon tradable from hedgerows and stimulate a new market for carbon sequestration.
Investment needed	Information not available.

NEIRF1088	Making the case for investment in Tamar Valley's nature based solutions
Lead organisation type	Charity (The National Association for Areas of Outstanding Natural Beauty)
Governance structure	Not specified
Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£99, 163 (+ £39,012 match funding)
Innovation vs. tried and tested approach	This assessment and demonstration of the potential for investment in nature-based services for widest environmental benefit is innovative in that it hasn't been applied to the Tamar Valley Area of Outstanding Natural Beauty (TVAONB) or to the ANOBs more broadly, so could open up new revenue streams for projects that enhance and conserved these protected landscapes.
Key objectives/ aims	Developing a local ecosystem service market through testing trading mechanisms which will market benefits from environmental

	enhancement of 5 sites in the Tamar Valley. The aim is to make a compelling case for private sector investment and test the attractiveness of this investment into the area's BES alongside a financial mechanism and contracts to facilitate the returns on the investment. Overarching aims include identifying the monetary equivalent value of units of nature-based services from restoring intertidal and riverine habitats, collaborating with targeted regional businesses and trade bodies to test market demand, and developing financial mechanisms for investment/return and template contracts to enable investment in defined nature-based services or units.
Environmental Outcomes	Not providing new environmental outcomes directly but testing the existing provision of outcomes at pilot sites in Tamar Valley and assessing whether these could be monetised through biodiversity or ecosystem services and sold in order to fund, protect and conserve these areas and their natural attributes. In doing so, they hope to create a market for even further private investment in positive environmental outcomes across the wider catchment.
Habitats	Farmed land Freshwater and wetlands Woodland Marine and coastal
Geographical area	Tamar Valley, Devon/ Cornwall. South West
Revenue model	Stacking and/or bundling ES credits from Carbon, BNG, NFM, water quality etc. The proposed model will test and provide high-profile investment opportunities in Tamar Valley nature-based ecosystem services. The project costed options for either packaged/stacked or individual services at different sites. It will generate revenue by linking relevant businesses (with a preference for local businesses as buyers) with interest in natural capital i.e., BNG, broader CSR opportunities, carbon reduction.
Investment needed	Defining expected levels of return on investment for private sector is core part of the project's scope, including cost savings identified and tested, such as carbon credits, carbon and biodiversity offsetting, and ESG/CSR benefits against competitors.

NEIRF1092	Protected landscape Cornwall AONB
Lead organisation type	Charity (Cornwall Area of Outstanding Natural Beauty Trust)
Governance structure	The Cornwall AONB Trust is supported by the AONB Unit, whose governance, legal, procedures and policies, the Trust will use. The AONB Unit is an independent organisation hosted by Cornwall Council as host authority.

Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£99, 500 (+ £16, 500 match funding)
Innovation vs. tried and tested approach	This project builds on the Farming for the Nation test trial carried out in June 2021, which demonstrated the potential of natural capital, and ecosystem services. Co-designed with farmers, the Landscape Management Framework also indicated the ecosystem services on-farm that could be realised with adequate investment. The Test Trials acted as the Discovery stage. The NEIRF project is the structuring stage
Key objectives/ aims	Aim to identify private investment opportunities for collaborative nature/landscape recovery, CSR products, carbon and biodiversity units in the Cornwall ANOB, and to present potential deal structures that could be matched with investors, using the AONB Trust as a broker between buyers and suppliers, in an attempt to raise £15.8m private investment. to the project aims to develop a private investment strategy and deal structures, and to receive investment.
Environmental Outcomes	Indirect environmental outcomes. Facilitating as a broker between buyers and sellers of potential environmental outcomes across the Cornish coastline, identifying opportunities for natural/landscape recovery from other uses under the financial incentives of trading water, carbon, BNG or other credits. By matching outcomes to potential investors, with other knock-on benefits including flood management and natural landscape protection and restoration, mitigating biodiversity loss and address the climate crisis through carbon sequestration.
Habitats	Farmed land Mountain, moor, heath Freshwater and wetlands Woodland Marine and coastal Grasslands
Geographical area	South Coast Western of the Cornwall area, South West England
Revenue model	Aims to demonstrate that revenue can be raised through ecosystem services, by farmers (the sellers) to a range of buyers/investors needing or wanting to invest in climate change mitigation or offset their impact. The future investment will pay farmers and landowners (the sellers) to manage the landscape in a way which protects and increases tangible features such as heathland, Cornish hedges, ponds and freshwater habitats and agroforestry. A large scale assessment of potential was completed at the feasibility stage, the project is now developing to the next stage for investment. Revenue will be generated through a wide range of water quality (WQ), carbon, BNG, flood risk mitigation and wider services such as tourism, health and CSR.

Investment needed	The 'discovery' stage estimated the gross value of all natural capital between £120m-£535m, with investment potential between £3.7m - £15.8m.
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NEIRF1093	Delivering innovative markets for the environment (DIME)
Lead organisation type	Charity (THE WYE AND USK FOUNDATION (WUF))
Governance structure	Special Purpose Vehicle The project is led by a Steering Group which includes representatives from WUF, the Rivers Trust, Triodos Bank and each of the Buyer, Seller and Technical Advisory Groups hold the project accountable to its objectives and engage catchment stakeholders.
Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£100,000 (+ £55,789 match funding)
Innovation vs. tried and tested approach	A commercial multi-benefit product is the innovative aspect of this proposal. Whilst WUF delivers each element individually, developing an aggregated package of products offered to farmers linked directly to a market with readily available financing, will solve issues of catchment degradation as it boosts the commercial viability of restoration. It also innovates in developing a financial market for trading outcomes based contract delivery in the catchment, creating a commercial market to support the Rivers Trust in diversifying income streams into sustainable long-term investment in farming away from grants.
Key objectives/ aims	Development of a "special purpose vehicle" to enable contracts with landowners to aggregate water quality and quantity, carbon and biodiversity benefits into investment opportunities for public, private and philanthropic investors. The project will focus on catchment-based nature based solutions, aiming to solve flooding and water quality problems in the area and restore biodiversity to the eastern Black Mountains.
Environmental Outcomes	The project aims to solve the flooding and water quality problems in the Monnow catchment and restore biodiversity in the Black Mountains. This will be achieved by aggregating NFM/low flow, biodiversity, carbon and water quality opportunities through the restoration of natural processes in the landscape.
Habitats	Farmed land Mountain, moor, heath Freshwater and wetlands Woodland

	Grasslands
Geographical area	English headwaters of river Monnow in Herefordshire, West Midlands
Revenue model	The model will aggregate/stack multiple ecosystem services into a commercially viable format, ready for investment to support sustainable land use. The revenue and investment model for this pilot project is based on developing new natural capital markets in the River Wye catchment to incentivise landowners into sustainable land use through financial security. The project will establish a not-for-profit social enterprise (SPV) to enter long-term ecosystem services contracts for delivery, maintenance and performance of ecosystem services interventions with multiple buyers
Investment needed	The project aims to create a legal and evidence based framework of opportunity for one governmental, one private and one non-governmental investment with certainty by September 2022. Initial £2m upfront costs will be financed through capital payments for certain BES, as well as external private investment in the SPV once the business model and commercial structure are established. The estimated value to buyers long-term is over £4mil, not including highways/network rail agencies with assets vulnerable to flooding.

NEIRF1102	Financing Wetlands for the Stiffkey using Environmental Impact Bonds
Lead organisation type	Charity (Norfolk Rivers Trust (NRT))
Governance structure	Not specified
Type of project (project, code, market enabler)	Investible Project (Environmental Impact Bond)
Budget	£70,000 (+ £44,500 match funding)
Innovation vs. tried and tested approach	This project builds on 12 months of development from Finance Earth exploring the application of EIBs for utilities and developers to deliver integrated constructed wetlands (ICWs). The project provides unique learning on how EIBs transfer risk of asset underperformance from a water utility to investors to overcome barriers to investment while enabling ICWs to improve water quality.
Key objectives/ aims	Working with Finance Earth and Anglia Water to design an appropriate finance mechanism to create an investment case and EIB mechanism to build and raise finance for the delivery of integrated constructed wetlands (ICWs). ICWs work as bio-filters for sewage treatment works

	outflows and reduce phosphates and other pollutants entering local rivers, which endanger human health and harm biodiversity. This project aims to develop an EIB for ICWs to work as bio-filters for sewage treatment outflows. A key focus will be to develop an industry protocol for replicating the EIB mechanism at scale.
Environmental Outcomes	Creation of integrated constructed wetlands leading to the removal of about 1317kg of phosphates from the river Stiffkey. This will lead to improved water quality and availability, as well as a reduction in especially phosphates both other nutrients and pollution at the River Stiffkey and elsewhere in East Anglia.
Habitats	Freshwater and wetlands
Geographical area	Norfolk, East Anglia
Revenue model	The project will develop an EIB whereby investment is raised to finance ICWs that deliver a phosphate reduction benefit through selling the water quality improvement to outcome payers. The project has support from 2 outcome buyers identified, AW and developer Thakeham. The benefit and associated revenue will be measured annually by assessing the phosphate levels of the water entering and leaving the ICW. The impact bond is designed so that the expected ICW performance generates payments sufficient to cover project delivery costs plus an acceptable investment return. If the project overperforms, buyers pay for more phosphate benefit; if it underperforms, buyers pay less; as a result, investors receive higher or lower returns respectively.
Investment needed	Investment commitment of c. £750k secured by Finance Earth to fund project delivery from investors participating in Energy Identification Code issuance.

NEIRF1117	New Forest Net Zero
Lead organisation type	Public body (New Forest National Park Authority)
Governance structure	A steering committee with representatives from implementing & local partners including Forestry England, Estate owners & New Forest National Park (NFNP) ensure stakeholder engagement. The steering committee inputs on decisions defined by the Project Manager. At national level monitoring is led by the Net Zero With Nature (NZWN) Steering Group.
Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£99,229 (+ £29, 281.20 match funding)

Innovation vs. tried and tested approach	This pilot acts as one in a pipeline of restoration projects under the NZWN Facility, innovating a new investment vehicle to facilitate growth of the UK natural capital market for ecosystem credit trading. It tests stacking of BES to enable financial viability of complex projects, creates an investment model, and develops methodologies for credible environmental services trading. It adapts Palladium's approach for mobilising investment toward more sustainable land use.
Key objectives/ aims	The project will scope work needed to restore woodlands and wetlands, resulting in carbon sequestration, habitat creation and improvements in water quality. Revenues from these ecosystem services such as carbon, nutrient and biodiversity credits will be modelled to demonstrate a case to land managers for changing management practices in favour of ecosystem service provision, and to investors that could fund it. This pilot brings together the New Forest National Park Authority (NFNPA) with private & public landowners to model the economic opportunity of generating revenue streams based on ecosystem service generation. This project aims to undertake commercial modelling to enable sale of these ecosystem services.
Environmental Outcomes	The project aims to deliver a nature restoration programme on a combination of public and private sites, restoring arable and neutral lands to woodland, wetlands and fens to create tradable and stackable biodiversity and ecosystem services such as carbon sequestration, nitrate reduction, BNG units etc. If the outcomes are successful on the three pilot sites, this could be scalable to unlock investment for the environment outcomes in the wider region and nationally.
Habitats	Woodland Mountain, moor, heath Freshwater and wetlands Grasslands Farmed land Urban
Geographical area	South West Hampshire, South East England
Revenue model	This project will model revenues that can be generated through the sale of ecosystem services from data-led land-management change by landowners. The model will test the feasibility of stacking different types of ecosystem services to create multiple sources of long-term income for the landowners and to promote long-term, environmentally positive land-use change. Financial revenue will be generated via existing environmental schemes, namely Biodiversity Net Gain, Woodland Carbon Code and the nitrate off-set scheme.
Investment needed	The level of investment required will be calculated as part of the economic modelling step in the project itself, which analyse the potential costs and commercial value of biodiversity and ecosystem services on site. This will be used to establish a contractual partnership and benefit sharing agreements between landowners, investors,

	<p>delivery partners, and service purchasers for the further development of restoration projects and subsequent market for BES.</p> <p>External finance will be required to cover the capital costs associated with habitat creation. The Project will explore investment opportunities with both commercial capital (investors and banks having committed to initiatives such as the Natural Capital Investment Alliance) and concessional capital - such as impact investors and Local Enterprise Partnerships.</p> <p>The project has begun discussions with several investors about supporting the Revere portfolio, though specific funding required for this project will be confirmed upon completion of the economic model.</p>
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NEIRF1119	Resilient Glenderamackin: nature based protection of people, property & wildlife
Lead organisation type	Charity (West Cumbria Rivers Trust (WCRT))
Governance structure	A Steering Group holds the project accountable to objectives and engages wider catchment stakeholders (membership: WCRT; the Rivers Trust; Triodos Bank; Buyer, Seller and Technical Advisory Groups).
Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£100,000 (+ £62,243 match funding)
Innovation vs. tried and tested approach	Uses learning from a similar, but smaller scale investment-funded NFM project in the Wyre catchment in Lancashire and builds upon West Cumbria Rivers Trust's previous NFM experience. This will be the first commercially viable NFM project on a large scale in the Lake District.
Key objectives/ aims	Developing a model to link investors, buyers and sellers of ecosystems services to reduce flood risk, restore nature and mitigate against climate change in the Glenderamackin catchment of the Lake District. Overarching aim of tackling 2 urgent challenges: reducing flood risk in Keswick and restoring nature in the Lake District National Park. This project will establish a SPV which will be a not-for-profit, social enterprise entity with objectives to increase resilience and reduce flood risk in the Glenderamackin catchment by delivering a range of ecosystem services.
Environmental Outcomes	This project has a variety of environmental outcomes attached to its development of ecosystem services in the catchment, which could store 800,000m ³ . This includes reducing flood frequency/severity with 746 properties, reducing peak flow by ~10%. It also includes a predicted

	1360ha land management change, with 25,000 tonnes of CO2 storage and carbon storage from river and wetland restoration, 90ha wetland water storage, 2km river restoration, 40ha riparian and wider catchment tree and shrub planting, 10.5km NFM hedgerows, 1200ha improved management of soils and 30ha peat restoration.
Habitats	Farmed land Mountain, moor, heath Freshwater and wetlands Woodland Grasslands Peatland
Geographical area	Lake District National Park and World Heritage Site, Cumbria, North West England
Revenue model	Establishment of SPV and tradable ecosystem services alongside it. Upfront capital required to deliver catchment interventions will be raised through green and social Investment, to be repaid over a long period of time. This will be achieved by the SPV entering long-term ecosystem service contracts with various buyers who will seek to benefit from the interventions (reduced flood risk, ecosystems services and carbon sequestered), i.e., water companies, insurance companies, local business, and strategy organisations. The SPV will also enter into long-term lease agreements with catchment land managers to facilitate delivery and host the interventions, with contractual payments directly linked to ongoing intervention maintenance.
Investment needed	Seeking around £8M of upfront investment for capital and set up costs. This level of investment is required to deliver enough nature-based solutions across the catchment to take around 10% off the flood peak in the town of Keswick, whilst also making a serious difference to nature recovery in this catchment

NEIRF1120	An investment model for catchment scale nature restoration in the Esk Valley
Lead organisation type	Public body (North York Moors National Park Authority)
Governance structure	A pilot steering group will be established with representatives from the delivery & local partners, including the Esk Valley Farmers Group, to ensure multi-stakeholder engagement throughout. The steering group will input on key decisions. At national level the pilot will be monitored by the existing Net Zero with Nature Steering Group.
Type of project (project, code, market enabler)	Investible Project (Standard Project)

Budget	£99, 261 (+ £29,110.50 match funding)
Innovation vs. tried and tested approach	No other projects in the UK are currently working with farmers on this scale to better understand the private financing opportunities in managing land for improved environmental outcomes.
Key objectives/ aims	The overarching aim is to test a theory that, by delivering nature restoration in the Esk Valley, it can generate long term economic returns for land managers through the sale of resulting ecosystem services. The main benefit to be delivered by this scheme is the development of a scalable model for private investment to achieve nature based solutions to addressing water quality issues and storing carbon.
Environmental Outcomes	This pilot project tests the catchment-scale restoration financed through potential biodiversity and ecosystem services provided by this natural recovery. Scope to be implemented on 10,500ha of land in the River Esk catchment.
Habitats	Farmed land Mountain, moor, heath Freshwater and wetlands Woodland Marine and coastal Grasslands
Geographical area	Esk Valley, Yorkshire
Revenue model	The financial potential of this model will be determined through monetisation of multiple ecosystem services, such as: a) flood management that delivers cost savings through avoiding flood recovery expenditure b) sale of carbon and BNG credits from creation new net gain habitats c) upfront payments for water quality improvements and cost savings on water treatment/pollution. Those interested in purchasing Esk Valley ecosystem services could be: local water utilities, insurance companies, developers, local investors, local government etc., with aims to stack revenue streams to boost commercial attractiveness.
Investment needed	The initial phase of the project is to determine and quantify the investment potential into the catchment scale Esk Valley project based on the potential commercial value for carbon credits, BNG and other biodiversity and ecosystem services. The potential amount of revenue from these different streams and thus the scope for investment that they might require will be calculated based on the monitoring and evaluation of implementation of delivery of some these services in the pilot area, with potential to scale up across the 25,000ha Esk catchment.

NEIRF1123	Buscot & Coleshill: Piloting place-based innovation for the National Trust
Lead organisation type	Charity
Governance structure	The project will be governed through a Project Board with a Central Director level sponsor and regional client and board members from relevant parts of the organisation. Key decisions will be taken by the Board with the Sponsor holding ultimate accountability.
Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£96, 500 (+ £21,267.80 match funding)
Innovation vs. tried and tested approach	The project will establish the Buscot and Coleshill ("B&C") estates as a testing ground for novel funding for the natural environment. As a place-based innovator, B&C will demonstrate the business case for attracting repayable finance so fund natural assets. The project also takes the innovative approach in delivering a well-being service on site using conservation and in nature in collaboration with the Swindon Borough Council and Oxford Health NHS Foundation Trust.
Key objectives/ aims	To address lack of habitat connectivity, catchment urbanisation, and carbon emissions through woodland planting, river restoration, and other ecosystem and social services and to understand how different natural capital investment opportunities can be delivered at the estate level.
Environmental Outcomes	The River Cole restoration project has potential for a variety of environmental benefits, depending on what the project discovers in terms of natural assets for biodiversity and ecosystem services, such as water quality treatment, carbon sequestration from the new 100 ha of woodland or scope for measurable BNG.
Habitats	Farmed land Freshwater and wetlands (to expand floodplain meadows, create riparian wet woodland and clean water ponds) Woodland Grasslands
Geographical area	Buscot and Colehill estate, South of Cotswolds, South West England
Revenue model	Place based approach to auditing the monetisation of a range of ecosystem services from Biodiversity, woodland, flood, water quality and ecotourism

Investment needed	The project aims to attract £1m of investment commitments by the end of the first year of the project, with potential for this to rise to £5m of investment by late 2022. This will depend on the nature of the project opportunities prioritised and pursued on the estate
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NEIRF1133	Wilder Carbon
Lead organisation type	Charity (Kent Wildlife Trust (KWT))
Governance structure	Not specified
Type of project (project, code, market enabler)	Market Enabler (Code/Standard and Aggregator Vehicle/Platform)
Budget	£100,000 (+ £151,100 match funding). Grant: £100,000
Innovation vs. tried and tested approach	Wilder Carbon (WC) has already been developed, NEIRF funding is to test WC governance structures and create a set of WC Standards with multi-sector experts.
Key objectives/ aims	Aim to establish a wilder carbon habitat tool, an approach to facilitate the restoration of nature at scale via carbon finance. The project looks to test and establish the NBS financing facility as a route to fund nature restoration at scale across England, whilst offering financial returns to ethical investors, and to establish and have in place, by the end of project, the capacity for rapid expansion of the newly established WC Standard.
Environmental Outcomes	The current estimated potential carbon sequestration value of the 'Wilder Carbon' method is 450,000 tonnes of CO2 emissions over 50 years. Wilder Carbon allows for multi-habitat restoration project, achieving carbon storage gains as well as wider biodiversity and ecosystem services benefits, with pilot sites across the country testing on the delivery of this over 1400 hectares.
Habitats	Urban Farmed land Mountain, moor, heath Freshwater and wetlands Woodland Marine and coastal Grasslands
Geographical area	Not a geographically focused project. Potential pilots for the WC standard have been found across the country (Kent, Isle of Wight, Somerset, Yorkshire)
Revenue model	Carbon standard linked to wild habitats. Premium pricing based on offsetting via wild habitats and status of the Wildlife Trust. Additional revenue from BNG.

Investment needed	The project's financier the Sumerian Foundation (SF) have discussed with private capital providers and found that WC resonates with stakeholders, that investors are interested in investing in biodiversity and carbon credits together, and that they are interested in large-scale. SF will work with private capital providers to create saleable carbon credits, with added value for their local creation within the UK. The pilot will test the ability of multiple ecosystem types to generate revenue. SF expect £10m return from the WC pilot.
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NEIRF1141	Crystal clear Clyst bond
Lead organisation type	Public body (East Devon District Council (EDDC))
Governance structure	Not specified
Type of project (project, code, market enabler)	Investible Project (Environmental Impact Bond)
Budget	£100,000 (+ £10,000 match funding). Grant: £100,000
Innovation vs. tried and tested approach	Use of private investment is new for EDDC. EDDC is innovating in its hopes to create UK's newest 'Regional Park', using 'Greenkeeper' and Green Book tools to create compliant urban parks with £2 health, tree planting and amenity benefits for every £1 spent.
Key objectives/ aims	Work with farmers and local businesses to establish a mechanism by which private investment can be matched with public finance to enable us to increase tree cover in the Clyst Valley from 10% to 30%.
Environmental Outcomes	The creation of a new park has potential for environmental outcomes from the 1,550 ha of woodland planting and natural regeneration involved. With 1,000 ha of woodland average 210 tonnes CO ₂ eq per ha by 2050, this has scope for considerable positive environmental impact through its carbon sequestration.
Habitats	Urban Farmed land Freshwater and wetlands Woodland Grasslands
Geographical area	East Devon District Council & Small portion in Exeter City Council, South West

Revenue model	It is a LA driven project aiming for the conversion of agricultural land to woodland. Revenue generation will be from voluntary carbon credits (local premium pricing), BNG credits and Community Infrastructure Levy. The project will aim for a £5 uplift on the average price of UK Woodland Carbon Units. This would yield revenue of £3.15m in the next 25 years. The Department of Business, Energy and Industrial Strategy guidance uses a 2018 non-traded price of £67/tCO ₂ e and projects a rise to £156 tCO ₂ e for both traded and non-traded carbon by 2040, therefore the £3.15 million could rise to £7.3 million in 25 years.
Investment needed	Information not available at this stage

NEIRF1146	UK soil & farm carbon code
Lead organisation type	Charity (Farming and Wildlife Advisory Group South West - FWAGSW)
Governance structure	Not specified
Type of project (project, code, market enabler)	Market Enabler (Code/Standard)
Budget	£93,000 (+ £22,400 match funding)
Innovation vs. tried and tested approach	The Gloucestershire pilot will sell the first carbon offsets generated from soil carbon sequestration on UK farms. It will publish the first ever comparative analysis of the international soil carbon offset market mechanisms, standards and protocols and how they might apply to the UK context.
Key objectives/ aims	The UK Farm Soil Carbon Code aims to restore farm soils affected through conventional farming methods which have reduced Soil Organic Matter (SOM), run off, storage capacity, and nutrient retention, which have led to erosion and loss of valuable topsoil, as well as a deterioration in biodiversity of macro and microfauna. The objective is to test and demonstrate the sale of carbon offsets generated by a popular restorative farming practice: planting herbal leys into arable and suitable pasture land across 20 farms in Gloucestershire.
Environmental Outcomes	The pilot across 20 farms in Gloucestershire is testing whether the 100ha of ley farmland can produce the expected annual 300 tonnes of carbon emissions sequestration, with a vision to use this as proof of concept to establish this as a tradeable carbon credit mechanism that could facilitate roll out nationwide to make restorative farming a financially viable option, leading to wider positive environmental outcomes in terms of sequestration, pollution, nutrient levels and soil/water quality.
Habitats	Farmed land
Geographical area	Gloucestershire, South West
Revenue model	Monetising carbon on farms, particularly through regenerative agricultural practices enhancing take up in soils. Proposing a UK Farm and Soil Code in 2022. FWAG and partners provide a MRV service to a yet to be appointed offset retailer.
Investment needed	Investment potential and investment needed will become clear once the pilot has been implemented and its sequestration value has been monitored and evaluated across the 20 farm sites.

NEIRF1150	Environmental Impact Bond for phosphorus removal from the Irwell catchment
Lead organisation type	Private company (United Utilities Water Ltd)
Governance structure	Not specified
Type of project (project, code, market enabler)	Investible Project (Environmental Impact Bond)
Budget	£66, 500 (+ £40,000 match funding)
Innovation vs. tried and tested approach	First EIB of this kind was in the US by DC Water in 2016 to fund SuDs to reduce surface run off. Trialling this would represent innovation for a new standard/template of potential outcome-based payment mechanisms in the water industry.
Key objectives/ aims	To develop an EIB to increase the delivery of Sustainable Drainage Solutions by aligning multiple organisations seeking to procure different outcomes, mitigating urban runoff and the impact it has on water courses, primarily focused on phosphorus pollution but also looking at other urban pollutants.
Environmental Outcomes	There is an expected of potential 25kg of phosphorous to be removed per year using the sustainable drainage systems, which this project is going to sample and measure to confirm that this environmental outcome is achieved by the nature based solutions implemented, with wider benefits to water quality, habitats and biodiversity as a result.
Habitats	Urban Freshwater and wetlands
Geographical area	Bolton, North West England
Revenue model	Environmental Impact Bond based on payment for outcomes approach to risk share principally water quality benefits and surface water run-off. UU is the principal beneficiary.
Investment needed	Targeting setting up an EIB which will finance at least 10 Sustainable drainage solutions by securing at least £350k of investment.

NEIRF1152	Developing a new business model for multi-functional forestry on Swinton Estate.
Lead organisation type	Other (Swinton Estate (The Trustees of Swinton Heirs Trust))
Governance structure	Not specified
Type of project (project, code, market enabler)	Investible Project (Standard Project)
Budget	£85,551 (+ £58, 918.25 match funding)
Innovation vs. tried and tested approach	Conservation led forestry involves testing a model of ecologically sustainable and commercially viable forestry land use which could be rolled out across the UK
Key objectives/ aims	This project is seeking to double the hectares of forest on the estate and to diversify revenue streams, integrating commercial interests with conservation priorities. Also, it aims to reduce reliance on the sale of timber to ensure more sustainable woodland creation management financing by offering ecosystem services through the sale of new woodlands.
Environmental Outcomes	The project is due to add an additional 350 ha of woodland on the estate in the next 20 years, which will have a variety of carbon, BNG, water quality and other environmental gains as outcomes.
Habitats	Farmed land Freshwater and wetlands Woodland
Geographical area	Wensleydale, North Yorkshire
Revenue model	Revenue will be generated from both commercial streams and from the sale of new ecosystem services delivered by woodland, including carbon, biodiversity units, water management and recreation.
Investment needed	Finance for planting will be provided by the Estate, who fulfil the role of private investor in the model (the exact costs of establishment and management will be determined after planting sites and plans are

confirmed). This will need to be justified by a strong business case demonstrating a good level of return can be achieved. Investment will be phased and returns delivered through sales of timber and ecosystem services

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