

Funding Nature Based Solutions Challenge or Opportunity?

SARCC Conference
6th December 2022

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Trustee



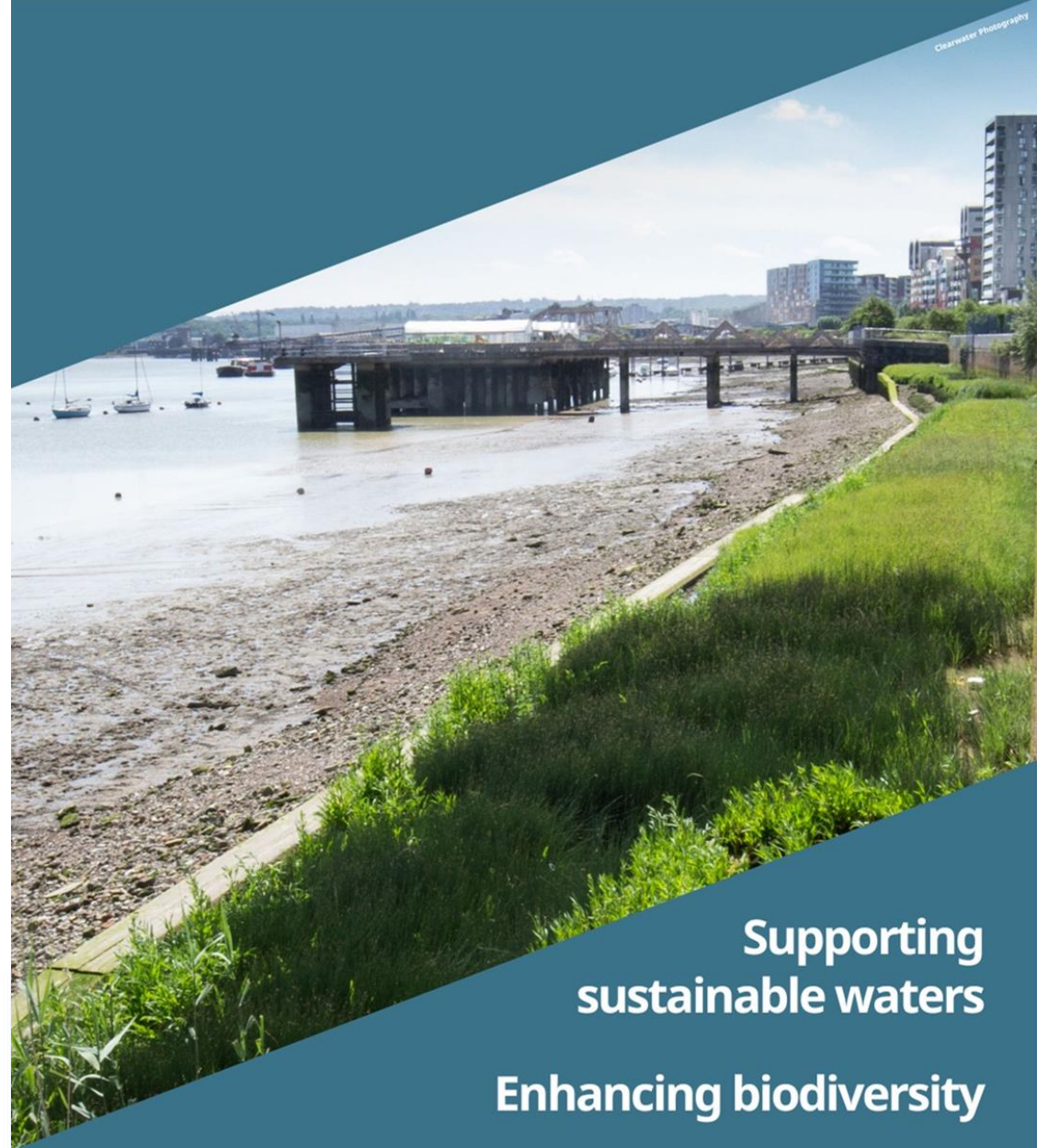
Thames Estuary Partnership

Delivering Locally, Connected Nationally

Founding partners



thamesestuarypartnership.org



Supporting
sustainable waters

Enhancing biodiversity

Increasing skills through
inclusive community delivery

Funding Nature Based Solutions: Challenge or Opportunity?

*Well, it's both! let's set the scene for the
the opportunity first.....*

*.....starting with an introduction to
investment vs grant funding.....*

Recent Conferences



18 July 2022



***Financing a just transition:
channelling capital to climate
adaptation, biodiversity and
social goals***



10 October 2022



17 October & 1 November 2022

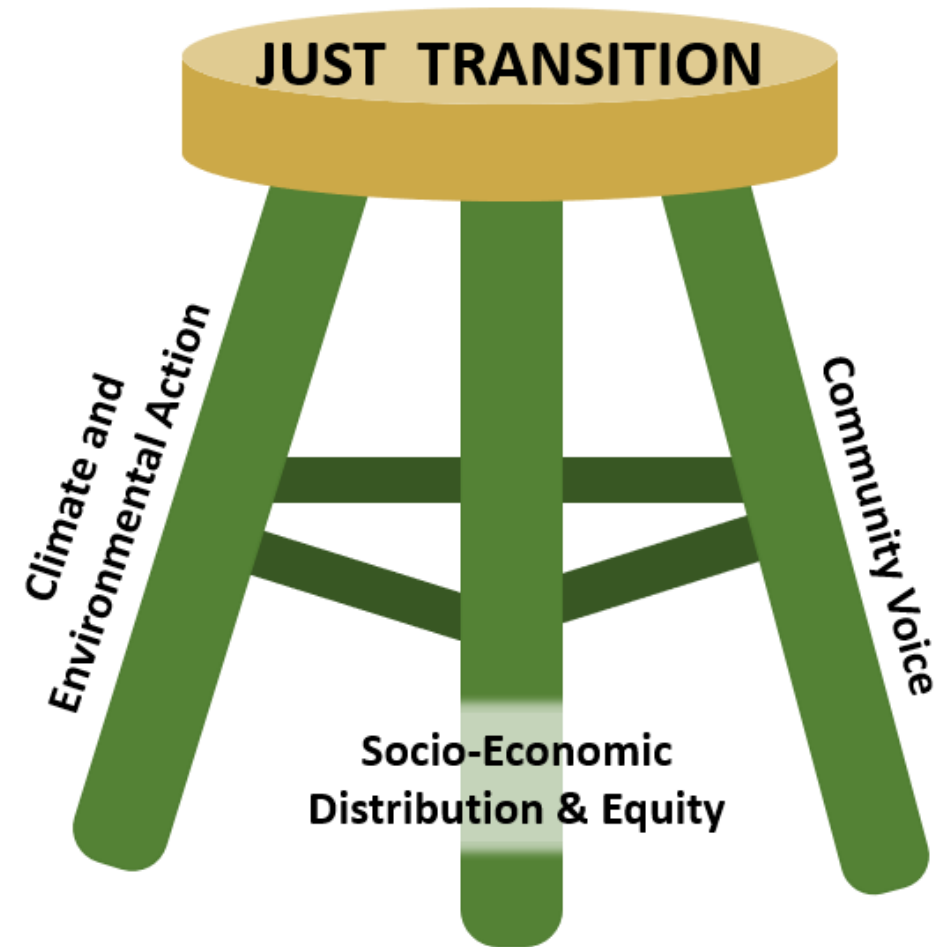
G7 Impact Taskforce:

Summary Report
Workstream B

Mobilising institutional capital towards the SDGs and a Just Transition



www.impact-taskforce.com



“...this year’s COP27 tells a familiar story:

- not enough progress since last year’s gathering in Glasgow;*
- too many pledges, and not nearly enough action;*
- far too little capital, both public and private, mobilised to address the climate emergency, particularly in the Global South”*



- Sarah Gordon, Impact Investing Institute

Finance Gap to deliver UK's 25-year Environmental Plan

The Finance Gap for UK Nature

Assessing the finance gap for nature-related outcomes across the UK and the devolved administrations

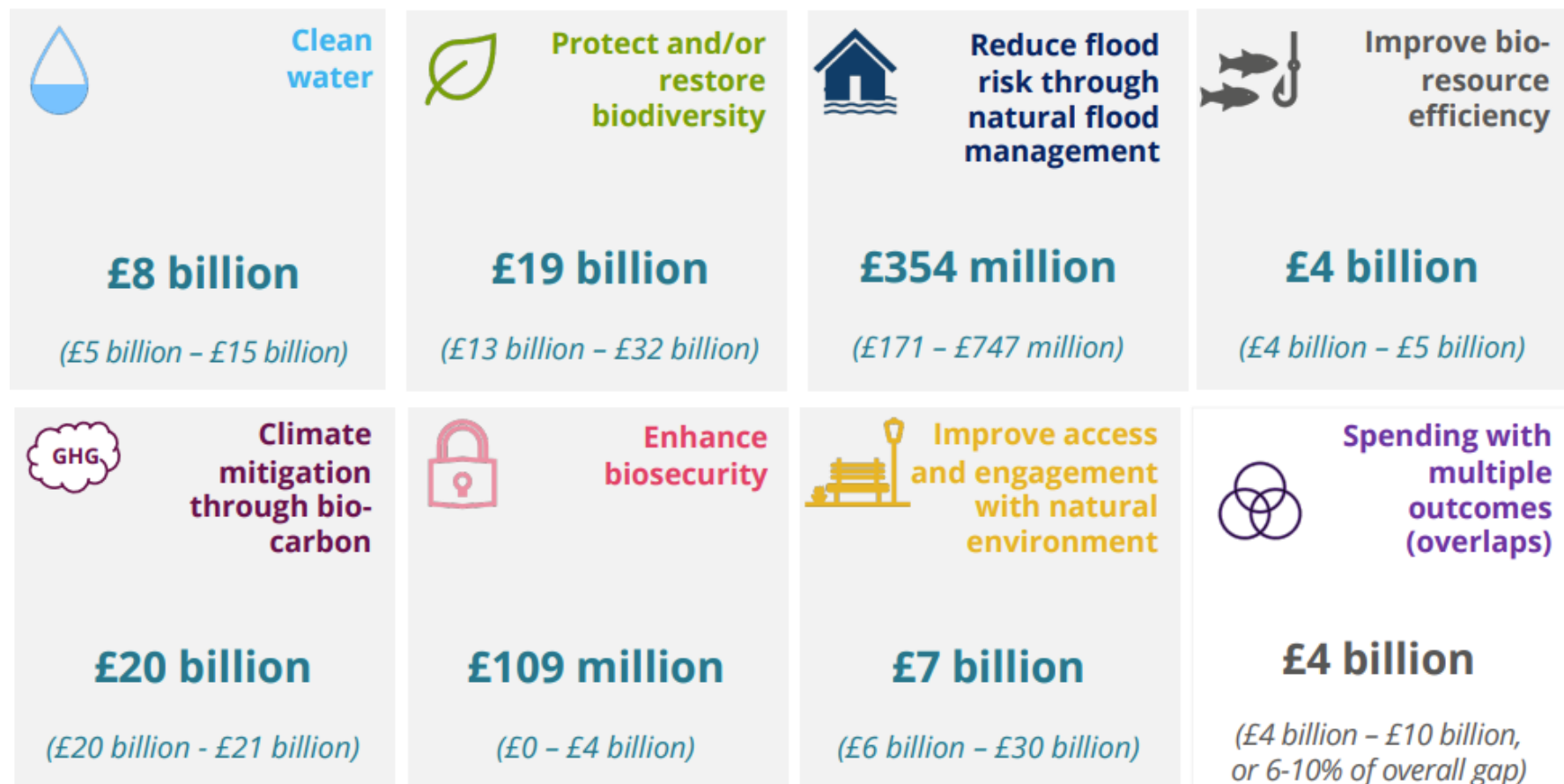
Final report: 1 October 2021 with finance data from 31 July 2021

Citation: GFI, eftec, Rayment Consulting (2021) The Finance Gap for UK Nature

Finance Gap to deliver UK's 25-year Environmental Plan

**£56 billion
funding gap**

*over 10 years
(2022-2032)*



Source: Green Finance Institute / EFTEC / Rayment Consulting, The Finance Gap for UK Nature (2021)

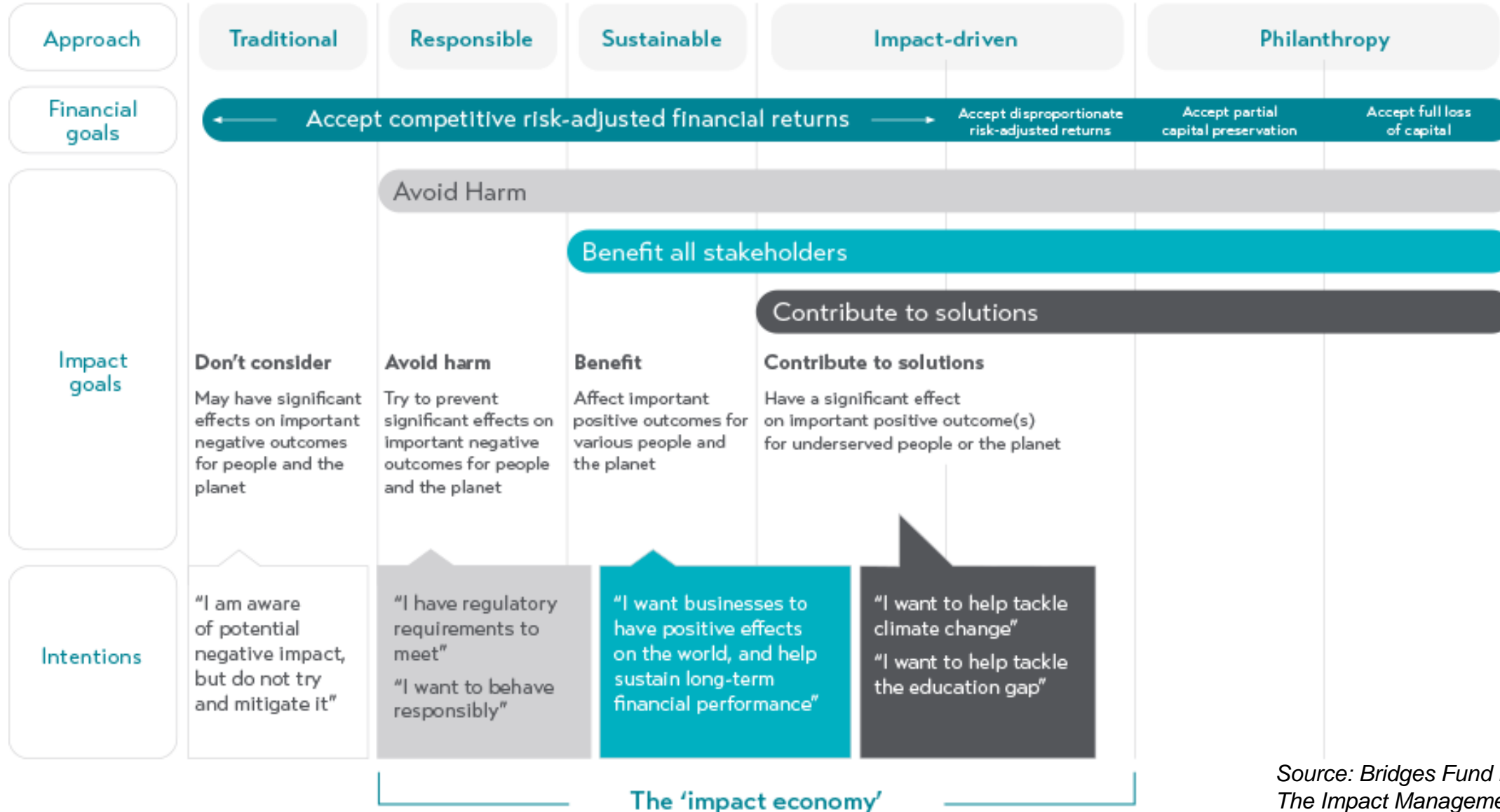
What is Blended Finance?

“The strategic use of development finance for the mobilisation of additional finance towards the SDGs in developing countries”

OECD – Development Assistance Committee



What is Impact Investment?



Source: Bridges Fund Management and The Impact Management Project 2017

NEIRF projects

NATURAL ENVIRONMENT INVESTMENT READINESS FUND



77 nature recovery projects

received up to £100k each to get
ready for private sector investment

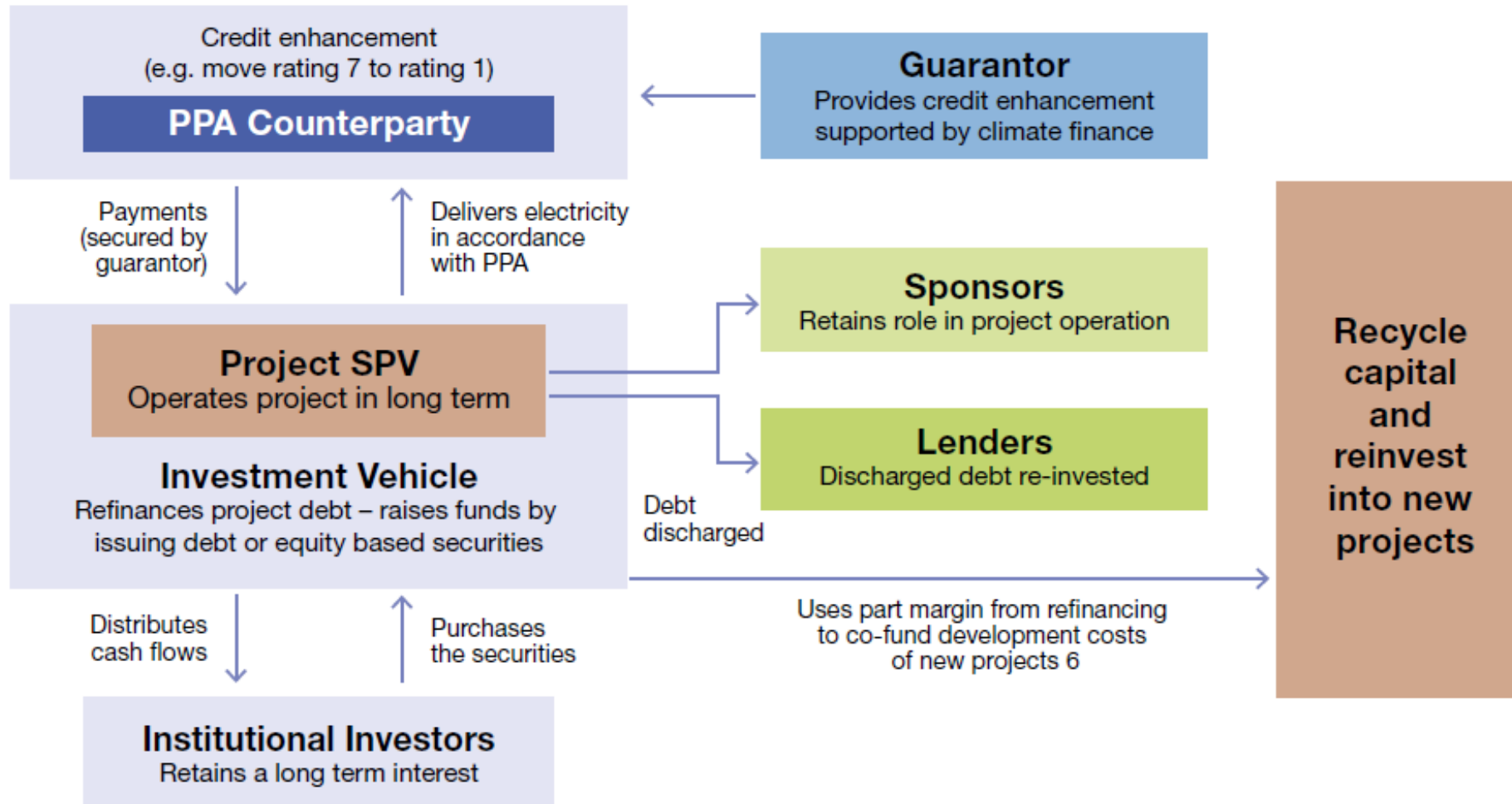
<https://www.gov.uk/government/news/innovative-nature-projects-awarded-funding-to-drive-private-investment>

<https://www.gov.uk/government/news/50-projects-receive-up-to-100000-each-to-boost-investment-in-nature>

Examples of NEIRF projects:

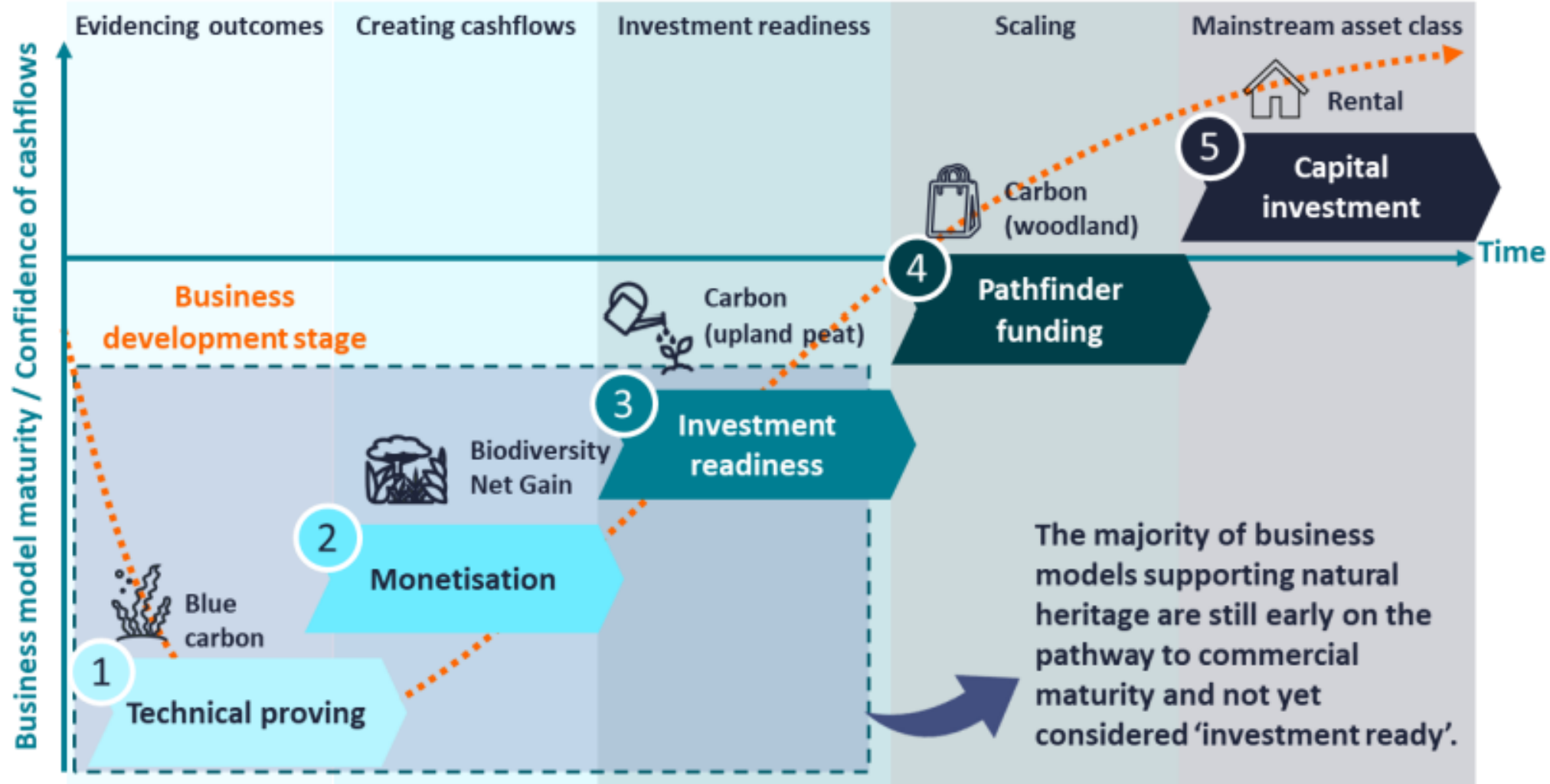
- Large scale environmental projects delivering multiple stackable benefits including
 - flood resilience
 - biodiversity
 - carbon sequestration
 - water quality
 - public access.
- County wide habitat banking schemes
- In many cases proposed to be funded by Green Bonds

Climate Bonds / Green Bonds



Source: Climate Mundial (2016)

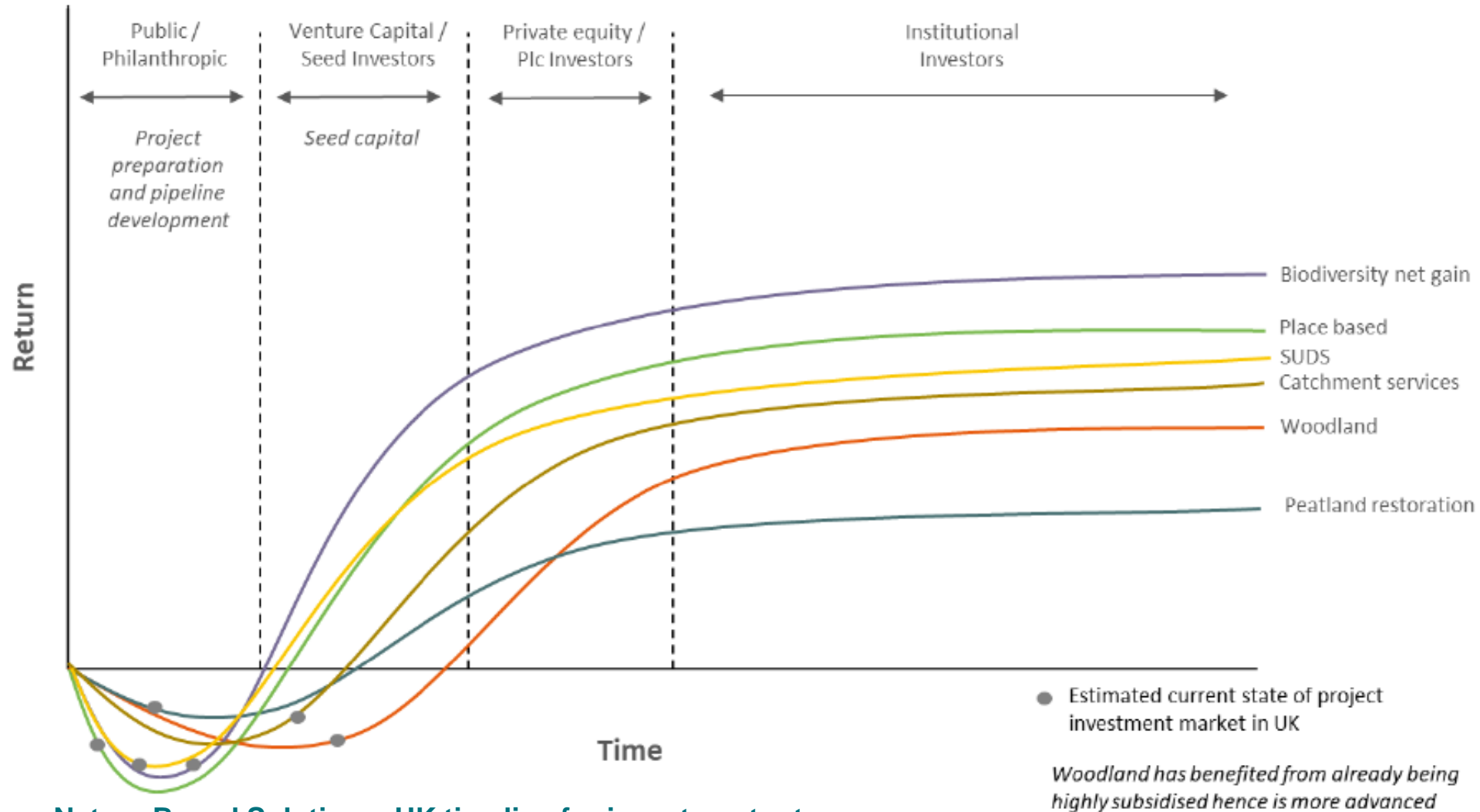
Investment Readiness Stages



Nature Based Solutions: Stages of investment readiness

Source: Finance Earth, Green Finance Report (2022)

Investor Appetite



Nature Based Solutions: UK timeline for investment returns

Source: Vivid Economics/Environmental Finance (2018)

The opportunity

Big Nature Impact Fund

Aims to develop environmental markets by investing in projects capable of generating revenue from ecosystem services.

Aims to provide the right type of funding for the right activity.

finance  earth

Federated
Hermes 

NBS Assets

Invests in projects with demonstrable revenue streams

- Peatland
- Woodland
- Biodiversity Net Gain
- Marine and coastal ecosystems

Funding for capital works and establishing revenue streams

NBS Businesses

Invests in suppliers of nature-based solutions and sustainable food production

- Marine
- Terrestrial

Funding for business growth
Aggregating farming clusters

NBS Innovation

Invests in developing ecosystem services markets

- Natural flood management
- Water quality
- Water security
- Nutrient neutrality

Early stage investment readiness funding

Challenges:

So, investors want to invest in your project, what happens next?

Governance issues

- Are you set up to host and manage an investment?
- Who is going to be responsible for the risk for your organisation?

Aligning with Partners' objectives and outputs

If your project is underway, can your current partners and funders agree to align with investment deliverables?

Creating assets

You have to create an asset that can be sold, this is fundamentally different than being grant funded with set targets.

Project scale and attributes

Does your project have the right 'stackable benefits'?

Social impact

- Just transition - you can't disaggregate the social from the environment, they go hand in hand.....
- EDI objectives. Funders want serious consideration for opportunities that are all inclusive of under-represented members of the community.

Challenges:

So, investors want to invest in your project, what happens next?

National vs place based

Social and climate investment financing is more geared towards the national, and struggles with local placed based modelling

(see Impact Investing Institute)

Policy

'Additionality' issues, more complex conditions get pushed to the side while the low hanging fruit gets tested

In the UK, SSSI's and RAMSAR sites don't qualify for Biodiversity Net Gain, unlike the US system of wetland offsets.

The urban condition

- The closer to a community, the harder it is to make the nature recovery investment model work.
- Overdevelopment
- Well established hard standing in urban areas, versus 'softened' habitat solutions

Timing

Timeline for establishing habitat is long and does not align with timelines for local plans

Here for the long term

Putting in place management arrangements and covenants to ensure that the ecosystem services are delivered for decades to come

Social impact example



Education & Skills
Funding Agency



Find out more



BLUE CONNECTIONS

ARE YOU AGED 16-25?

ARE YOU NOT IN EDUCATION EMPLOYMENT OR TRAINING?

Increase your employability, access our network and gain new opportunities.

The Thames Estuary Partnership (TEP) have a whole host of life-long skills which are transferable into any industry, which can be learned through an environmental project and be a foundation for entry into green jobs.

We are piloting a modular training programme in Barking and Dagenham. Using the River Roding, Barking Creek and the tidal Thames as the classroom, the modular training programme has both virtual and hands-on learning opportunities.

The programme runs from:
21st November 2022 to 17th February 2023.

16-25 year olds (Not in Education Employment or Training) and adult learners can apply:
Deadline for applications is 18th November 2022.

The Training Programme

- The life-long skills, modular programme includes:
 - Introduction to MS Office
 - Introduction to Data Science
 - Introduction to Geographic Information System (GIS) Science
 - Introduction to Communication
- The optional module 'kick start into an environmental career' includes:
 - Introduction to an Environmental Career
 - Introduction to the Thames Estuary
- Benefits of training with TEP include:
 - Increase your employability
 - Access to TEP Network – over 1000 contacts
 - Some elements of the course are endorsed by Institute of Environmental Sciences and Institute of Fisheries Management
 - Learn about careers and opportunities along and on the Thames
 - Careers Networking event in February 2023

- Increasing employability of young people through transferable and core life skills training
- Kick starting environmental careers
- Addressing lack of diversity in environmental sectors
- Strong environmental message
- Reconnecting people to nature



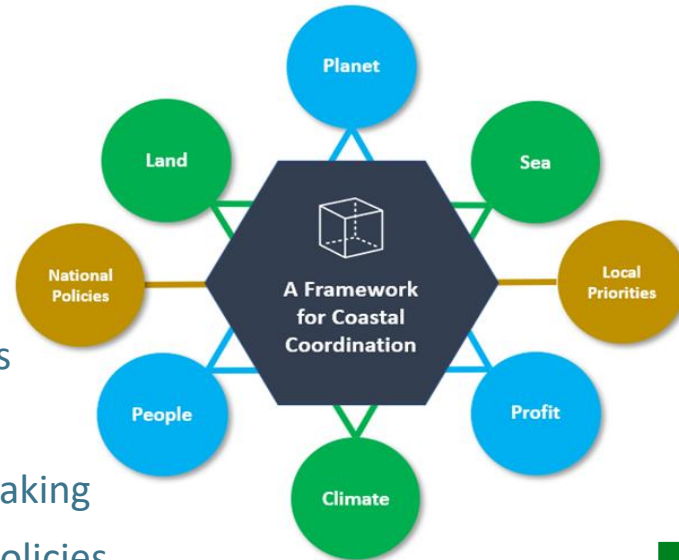
Meeting the investment opportunity at scale requires collective action



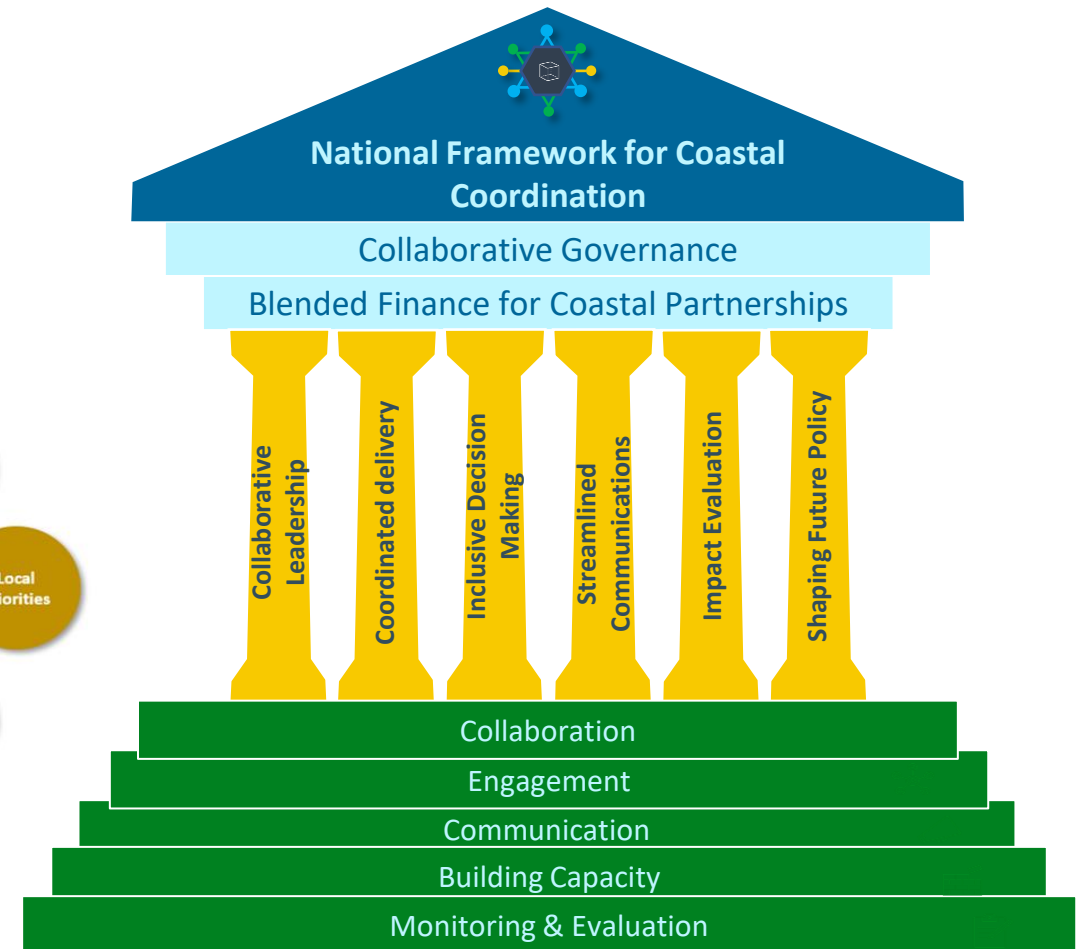
Championing Coastal Coordination (3Cs)

A National Framework for Coastal Collaboration

- Co-designing the framework with public, private and civic organisations
- Building collaborative governance
- Integrating delivery across socio-economic and environmental needs and targets



- Building capacity
- Streamlining communications
- Improving evidence
- Enabling inclusive decision making
- Advocating to shape future policies



**Thank you
and stay in touch!**

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