

# The Environment Bank Ltd. Newsletter Spring - Summer 2011



## UK

### News

This has been our most active period to date with two major developments in our work. First, the Environment Bank Ltd. (EBL) warmly welcomes the publication and launch by Defra of the Natural Environment White Paper. This should be a milestone in thinking differently about how we protect the natural environment. There are three themes – protecting the natural environment, growing a green economy, and reconnecting people and nature. In the first theme, there are four new policy drivers, of which one is biodiversity offsetting. EBL has been engaged in all the consultations and hopefully helped to shape Defra's position on offsets. Offsetting remains voluntary on the part of participating local authorities for now, with Defra asking for suggestions for two-year pilots (see below). It seems to us that there is much merit in being able to properly value the impacts of development and convert biodiversity liability into major investment opportunities for the natural environment. Some form of 'soft' regulatory framework might be appropriate in the future to require developments to properly offset their impacts (see note below on EU) but we are actively engaged in using the voluntary mechanism to see how that works.

Second, we are delighted that the Shell Foundation has provided us with capacity building funds to scale up our ideas on developing environmental markets for ecosystem services in the UK. This has enabled us to appoint Dr. Tom Tew as our first Chief Executive, and Cara Reece as a Programme Manager, working with



Dr. Tom Tew, EBL Chief Executive

Dr. Bexs Benmayor to deliver the Conservation Credits mechanism and biodiversity offsets.

### Conservation Credits Calculation Services

In May, we launched our Conservation Credits calculation service. We have been asked by several Local Authorities to help implement the Conservation Credits mechanism for planned development. We provide a service to Local Authorities to measure the credit requirements of developments and then to match these with credits available through landowner/farmer land holdings where we are measuring credit worthiness on all potential receptor sites. We are currently building the infrastructure to register all receptor sites. This platform will allow trading in credits - again leading to more funds going into the natural environment. Our new information brochure sets out the range of services EBL can offer to help you implement Conservation Credits in your area.

For more information, visit

[http://www.environmentbank.com/docs/Environment-Bank-flyer\\_2011.pdf](http://www.environmentbank.com/docs/Environment-Bank-flyer_2011.pdf)



### Corporate Social Responsibility

Publication of the National Ecosystem Assessment has reported a decline in 30% of the country's ecosystem services and has given

major impetus to valuing the environment. EBL will be using many of its findings to refine the calculation of offset credits to enable a flow of new funding into the natural environment. Companies are starting to express an interest in how to use their CSR programmes to build sustainable businesses and the provision of ecocredits will really help this process.

## Essex & Suffolk Pilot Project



We are pleased to announce our second Conservation Credits pilot project together with the Environment Agency. Our biodiversity offsetting pilot in Essex & Suffolk will address the challenges of flooding and coastal erosion faced by landowners along the coastline.

Shoreline Management Plans developed for 400km of this coastline identify how these challenges will be tackled over the next 100 years. Landowners are investigating the options available to them based on these plans, one of which may be coastal realignment with habitat restoration and management, sustainably funded through Conservation Credit purchases by local developers and businesses.

## Defra Offsetting Pilots

The Natural Environment White Paper has called for proposals from Local Authorities for two-year biodiversity offsetting pilots, to be submitted by the end of September 2011. Offsetting pilots would ideally link in with the other policy initiatives in the Natural Environment White Paper – Local Nature Partnerships and Nature Improvement Areas. We know there is a great deal of interest out there in setting pilots up – we have been actively involved for some time now with colleagues in Local Authorities, conservation NGOs and Government Agencies at two particular regions (the Thames Headwaters and Essex/Suffolk) (see above).

We are, of course, always happy to help and advise (free of charge) other Local Authorities who may be considering offsetting pilots and would encourage people to give us a call.

## Partnerships

We are pleased to have signed MoUs with the Wildfowl & Wetlands Trust, Plantlife, Woodland Trust and Pond Conservation and we look forward to their input to a National Advisory Board.

## Conferences & Meetings

Our team have met with a large number of stakeholders, policy makers, politicians, landowners, farmers and NGO's over the past 6 months including the Defra offsets team on a number of occasions, the Department for Communities and Local Government, Peter Aldous MP, Barry Gardiner MP, and Pam Warhurst and Simon Hodgson of the Forestry Commission. In the private, banking, legal and property sectors we have had helpful discussions with Land Securities, Rockspring, Pinsent Masons, Peel Holdings, United Kingdom Environmental Law Association (UKELA) and the European Investment Bank (EIB).

We gave a presentation to the Parliamentary Office of Science and Technology (POST) meeting on biodiversity offsetting and contributed to the POST note on offsets. We spoke at the London School of Economics environmental finance seminar on 'Environmental markets for ecosystem services in the UK', at the UKELA annual conference and at the IUCN peatlands conference on 'Getting environmental markets going in the UK'. We joined a panel at the London Accord Long Finance seminar at Merrill Lynch Bank of America.

We have also spoken with a number of local groups such as Derbyshire Wildlife Trust, Kings Lynn District Council with regards to Gaywood Valley, South Humber Gateway project and educational establishments including Cranfield University (who are conducting research on measuring the value of ecosystem services) and RAC Cirencester.

## Articles

The Guardian article "Can you put a price on nature?" featured EBL. Also featuring EBL was the article "Private capital 'urgently needed to reach biodiversity goals'" published in Environmental Finance. Land & Ecology wrote a piece about the Essex & Suffolk Coastal project. These articles and press releases can be viewed

and downloaded from our website <http://www.environmentbank.com>.

## Communication

---

With interest in EBL rapidly growing, as well as the release of our new brochure, we have now entered the realm of social networking as a way to broadcast our news and achievements. We will be posting items of interest on LinkedIn and Twitter. To follow us, you can link directly from the buttons on the homepage of our website.

## Europe

### News

---

We have been busy in the first half of 2011 in deepening dialogue with the European Commission and others - Brussels is actively considering advancing policy (and possibly a regulatory framework) for biodiversity offsetting. In May, the European Commission proposed an *EU biodiversity strategy to 2020*, a key element of which is to develop a 'no net loss' initiative by 2015 which specifically promotes biodiversity offsetting and habitat banking as key delivery mechanisms.

### Meetings & Advisory Work

---

EBL held a series of meetings with the European Investment Bank (EIB), which has a strong interest in habitat banking and related innovative financial instruments (IFIs) for biodiversity and ecosystem services. David Hill and Guy Duke will speak at an EIB workshop on habitat banking in October aimed at further raising awareness among EIB fund managers.

Meanwhile, Guy contributed to an European Commission (EC) study on the role of private sector finance for biodiversity which is expected to recommend that the EC prioritizes work on biodiversity offsetting as one of the most promising IFIs. Guy also contributed to a report to

the European Parliament, which proposes habitat banking as a key 'flanking measure' for agri-environmental measures under the future Common Agricultural Policy, and highlights EBL's work in the UK. Guy is also a member of the Commission's working group on green infrastructure, the development of which is another key element of the new EU biodiversity strategy. The group is advising on how to finance this, and giving consideration to the potential of habitat banking in this regard.

In July, Robert-Jan Smits, DG for the Commission's Research and Innovation Directorate, chaired a workshop on habitat banking which arose from consultation between Mr Smits and Environment Commissioner Janez Potocnik and sought to explore the need for future research and innovation. It brought together a wide range of Commission services, the EIB, and selected experts. EBL was invited to give presentations on the role of offsetting and our work in the UK. The workshop flagged the possible development of a multi-billion pound EU 'common market' for biodiversity and ecosystem services. In concluding, the Commission decided to establish an inter-service working group with a remit: a) to develop a 'roadmap' of key actions to deliver the 'no net loss' initiative; and b) to define the role of the EIB and Commission Directorates General in taking this forward. EBL stands ready to help take forward this roadmap, including possible research programmes, and intends to collaborate in this with the Business and Biodiversity Offsets Program (BBOP) and others.

---

Do contact us if you have any ideas about habitat banking, would like to find out more or have a particular project idea that you think could contribute to our pilot studies. We would be delighted to hear from you. Please visit our website for more information and contact details. [www.environmentbank.com](http://www.environmentbank.com).

**The Environment Bank is the first company of its kind in the UK, and provides the mechanism by which effective biodiversity and landscape conservation can be delivered by taking a strategic approach, enabling landscapes of substantial worth to be created, managed and maintained within a long-term framework. For information, visit [www.environmentbank.com](http://www.environmentbank.com).**