



GMEF

GREATER MANCHESTER
ENVIRONMENT FUND



Lancashire,
Manchester &
N Merseyside

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MANCHESTER**
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COURSE

Greater Manchester Environment Fund Opportunity Overview

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Executive Summary



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Introduction

Purpose of this document

- This document provides an overview of the opportunity to establish a Greater Manchester Environment Fund (GMEF) with information on its purpose, strategy, governance and delivery plans.

Support requested

- Key funding commitments for GMEF have been secured to enable it to begin to deliver on its mission, including:
 - £1.8 million over the next 15 months from Defra's Green Recovery Challenge Fund.
 - £220,000 per year from Suez Community Fund.
- GMEF is seeking support from philanthropic, private and public sector funding partners to bring in development capacity to build on this success:
 - A short-term grant of £325,000 will accelerate GMEF by providing the development capacity to implement GM's first Natural Capital Investment Facility and enable further funding to be raised to support GM's long-term natural capital priorities.



Acknowledgements

- GMCA has committed substantial funding and resources since 2016 to support the development of GMEF as an independent public, private and third sector initiative with the aim of securing more sustained investment and donations in GM's natural capital.
- GMEF has been designed in consultation with a Steering Group made up of key local stakeholders, who have kindly provided their time and guidance to support the development of the fund.
- The development of GMEF has been funded through generous contributions from Peel L&P, United Utilities and the Environment Agency.



“We are leading the way in the creation of a Greater Manchester Environment Fund to ensure our environment is fit for the future.”

Councillor Andrew Western, Greater Manchester Green City Region Portfolio Lead

Greater Manchester's Environmental Ambitions

The Greater Manchester Environment Fund is a pioneering regional impact investment vehicle that unites public, private and philanthropic funding partners in a mission to tackle the urgent environmental challenges facing the city region.

- **GM faces major environmental challenges that threaten the future health and prosperity of the city region**, with dangerous levels of air pollution, degradation of priority habitats and increasing risks from climate change.
- In response, GM's Mayor launched a 5-Year Environment Plan for the city region with the ambitious vision **for a "clean, carbon-neutral, climate resilient city region with a thriving natural environment"** and demanded urgent action to achieve this.
- Recognising that **traditional grant and public funding will be insufficient alone** to deliver these ambitions, Greater Manchester Combined Authority (GMCA) is pioneering a new approach to take on these challenges and safeguard GM's natural environment for future generations.
- A partnership between GMCA, Lancashire Wildlife Trust and Finance Earth has developed the **Greater Manchester Environment Fund (GMEF)** as an independent vehicle to support GM's ambitions for the restoration and improvement of the natural environment.
- **GMEF is the UK's first regional environmental impact fund**, unlocking philanthropy to align public funding and investment targeting social, and environmental outcomes and seeking to recycle capital back into realising GM's environmental ambitions over the long-term.

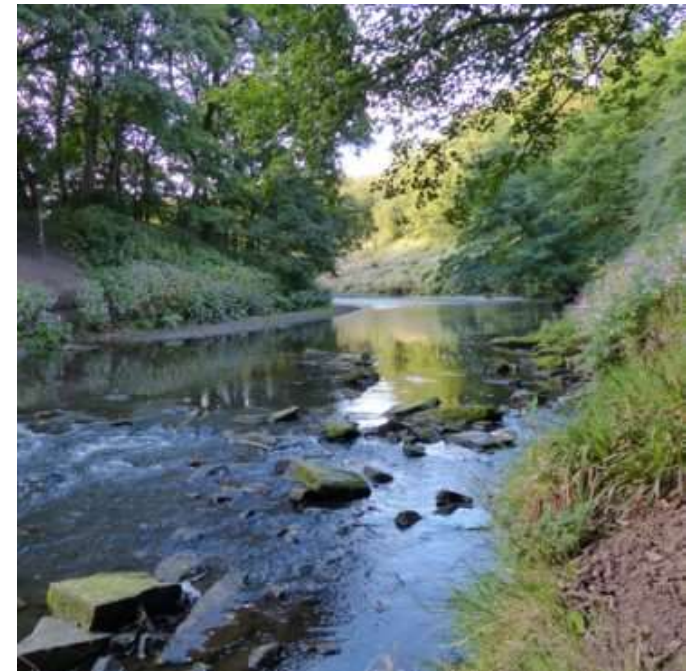


"We need to act now to tackle the environmental challenges we face"
Andy Burnham, Mayor of Greater Manchester

Greater Manchester Environment Fund Opportunity

GMEF is now ready for launch with a developed pipeline of investment opportunities and is seeking long-term philanthropic funding partners to enable it to scale and leverage significant additional funds.

- GMEF provides an independent vehicle to:
 - **Align existing restricted and unrestricted public funding streams** for strategic use to benefit the environment;
 - **Mobilise and leverage public, private and philanthropic capital to catalyse further investment** into the environment;
 - Deliver grant funding, capacity building, seed funding and repayable finance for strategic environmental projects and funds;
 - **Build a self-sustaining local environmental impact investment vehicle;** and
 - Deliver a **consistent and transparent governance framework** for funders and delivery bodies to set local priorities, access funds and deliver accountable results.
- GMEF is **managed by an independent body, hosted by Lancashire Wildlife Trust, separate from GMCA** and with representation from public, private and philanthropic sector stakeholders, enabling it to:
 - Benefit from a **diverse range of informed stakeholders** while being mission-driven in its chosen activities;
 - **Champion local policies and innovations** to enable the GM natural environment to flourish; and
 - **Coordinate public sector funding efforts with the private and philanthropic sectors** to deliver significantly greater benefit that will make GM a leader in the fight against climate change and biodiversity loss



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Background



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GM's Environmental Challenges and Ambitions

GM's 5-Year Environment Plan (5YEP) sets out an ambitious vision for a “clean, carbon-neutral, climate resilient city region with a thriving natural environment”, and demands urgent action to achieve this.

Threats facing GM's natural environment...

Land	Unsustainable land management; GM accounts for 3.6% of the UK's annual CO ₂ emissions
Water	Over 90% of GM's waterbodies fail to meet quality standards; over 50,000 properties at risk of flooding
Biodiversity	Biodiversity net gain approach not yet adopted across districts; lack of green space and ecological networks
Investment	Insufficient funding available to protect nature; lack of business models to attract alternative sources
Environment engagement	Lack of public recognition of the wide range of benefits that nature delivers for the economy and society



...5YEP ambitions

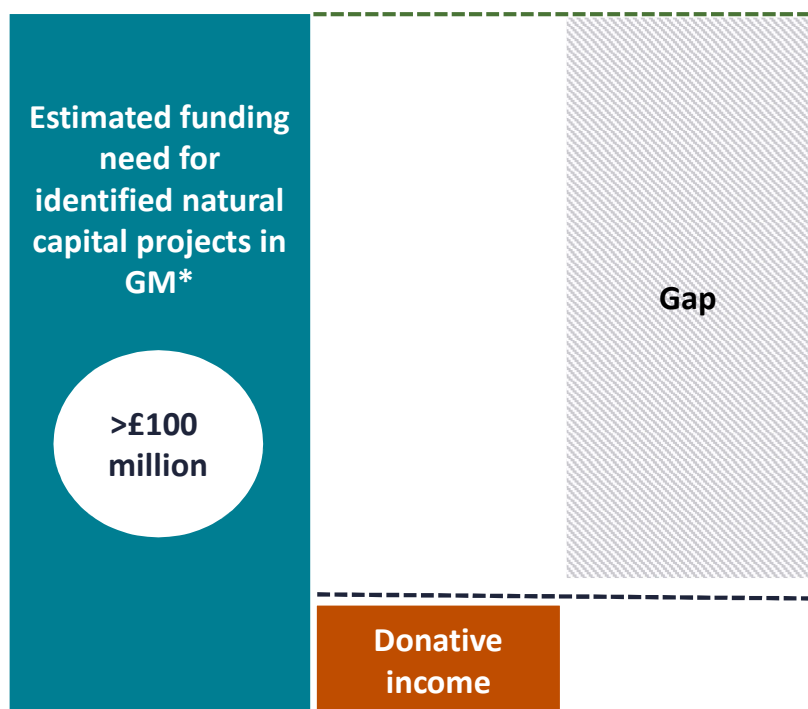
Plant 1m trees by 2024, 3m by 2035 Restore 50-75% of GM's peatlands by 2040 Carbon neutral city region by 2038
Improve GM waterbodies to achieve standards by 2027; shift to more nature-based solutions for flood alleviation schemes
Embed biodiversity net gain for developments and accelerate the delivery of a GM Nature Recovery Network
Develop GMEF to broaden the range of funding sources; deliver investment readiness support and proof-of-concepts
Widen engagement via volunteering and employment opportunities; build on evidence base to promote benefits

The Covid-19 pandemic has increased the importance of delivering on these ambitions to boost the local economy, create jobs, increase climate resilience and enhance the wellbeing of GM's residents.

Funding Need for the Environment

A significant amount of additional funding is needed to deliver GM's environmental objectives and develop and deploy local Nature-Based Solutions (NBS), much of which will need to come from non-public sources.

Funding gap for GM's natural capital



* Based on initial review of 26 projects with cost estimates over a 5-year period; a further 25 projects have been identified but not yet costed. This is therefore likely to be a significant underestimate of the actual need.

- Public and philanthropic capital is insufficient alone to meet the funding needed to protect GM's natural environment.
- Public funds that are available are segregated and managed independently preventing strategic allocation for target projects.
- NBS such as ecological restoration and urban green infrastructure currently draw upon limited funding resources.
- NBS project developers tend to suffer from a lack of:
 - Proven business models to access private investment;
 - Project scale and aggregation opportunities;
 - Arrangements for accountability and governance;
 - Detailed understanding of the value of benefits provided by NBS;
 - Capacity to innovate and develop new funding opportunities.
- There is an urgent need to attract new sources of funding to protect the city region's natural environment, and to deploy existing sources more strategically. Delivering NBS will lead to green jobs, greater wellbeing and economic resilience.

GM is uniquely placed to act as a pioneer in the NBS investment sector thanks to the recognition of its devolved leadership of the importance of protecting nature for future generations and the unique ecological restoration opportunities that exist across the city region.

Greater Manchester Environment Fund Opportunity



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GMEF Opportunity

Extensive consultation with GM-wide stakeholders and project developers has demonstrated the considerable need to create GMEF in order to mobilise the additional investment required to deliver GM's ambitions of becoming a leading green city region.

Status-Quo

GMEF Opportunity

Project developers



- **Funding pressures** – ad-hoc and typically short-term grants are available from disparate sources for environmental NGOs, facing greater pressure due to Covid-19.
- **Capacity constraints** – limited capacity and technical expertise available to create investable propositions to secure new sources of investment.

- **Reduce funding pressures** – provide a coordinated approach and governance framework involving public, private and third sector stakeholders to source and channel funding.
- **Increase capacity** – deliver funding for technical assistance and capacity building to enable organisations to access blended finance opportunities.

Donors and Investors



- **Growing interest in environmental initiatives** – funders are seeking new opportunities to deliver environmental impact alongside financial returns.
- **Lack of investment-ready projects** – limited pipeline of projects that demonstrate robust business models at sufficient scale to attract new sources of private capital.

- **Develop investable business models** – deploy funding strategically to develop investable business models that can attract private investment
- **Aggregate and leverage new funding sources** – provide a transparent mechanism to align public and private funds and to use repayable finance where appropriate to free up grant resources for high impact but non-investable projects.

GMEF provides a transparent framework for funders and delivery organisations to set regional priorities and facilitate projects that can deliver substantial local social and environmental impact.

GMEF: A Pioneering Regional Environmental Fund

GMEF has been designed to attract and leverage capital to facilitate investment into environmental projects across the GM region.

GM is leading the exploration of innovative approaches to natural capital investment



- In 2018, GM was granted “Urban Pioneer” status by DEFRA, tasked with trialling new methods to funding natural capital to inform the delivery of the Government’s 25-Year Environment Plan.
- GM created the first Natural Capital Investment Plan (“NCIP”) for a city region to establish a natural capital baseline and stimulate new sources of sustainable investment.
- The work identified a critical need for **project developer capacity building** and **technical assistance** to facilitate the development of investable business models.

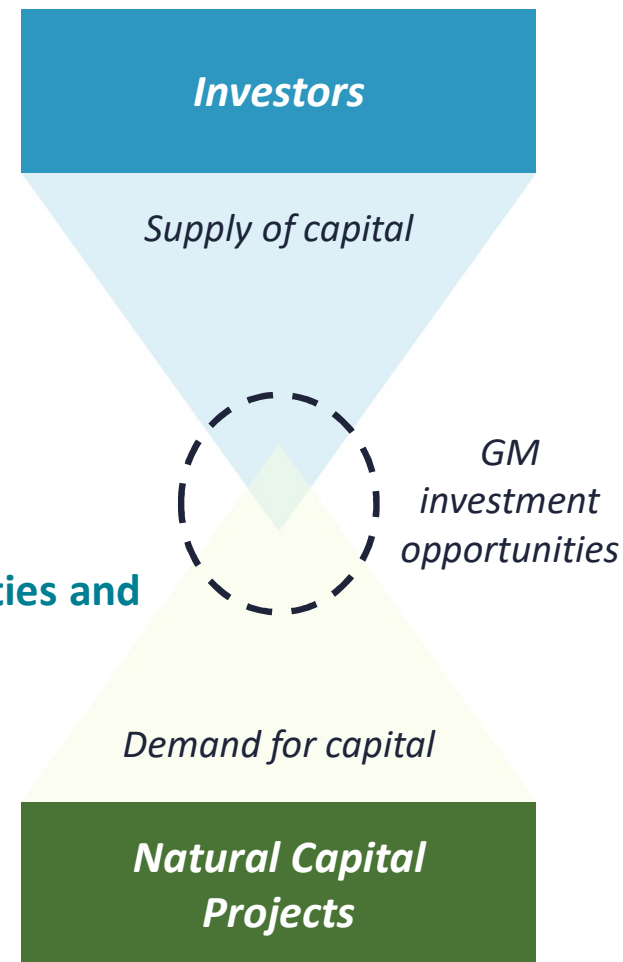
GMEF will build on this experience to develop and implement opportunities and unlock new investment sources by providing:

Top-Down Support

- Aligning restricted public funding streams for strategic deployment
- Targeted funding to meet project resourcing gaps and mobilise private philanthropic and repayable capital

Bottom-Up Support

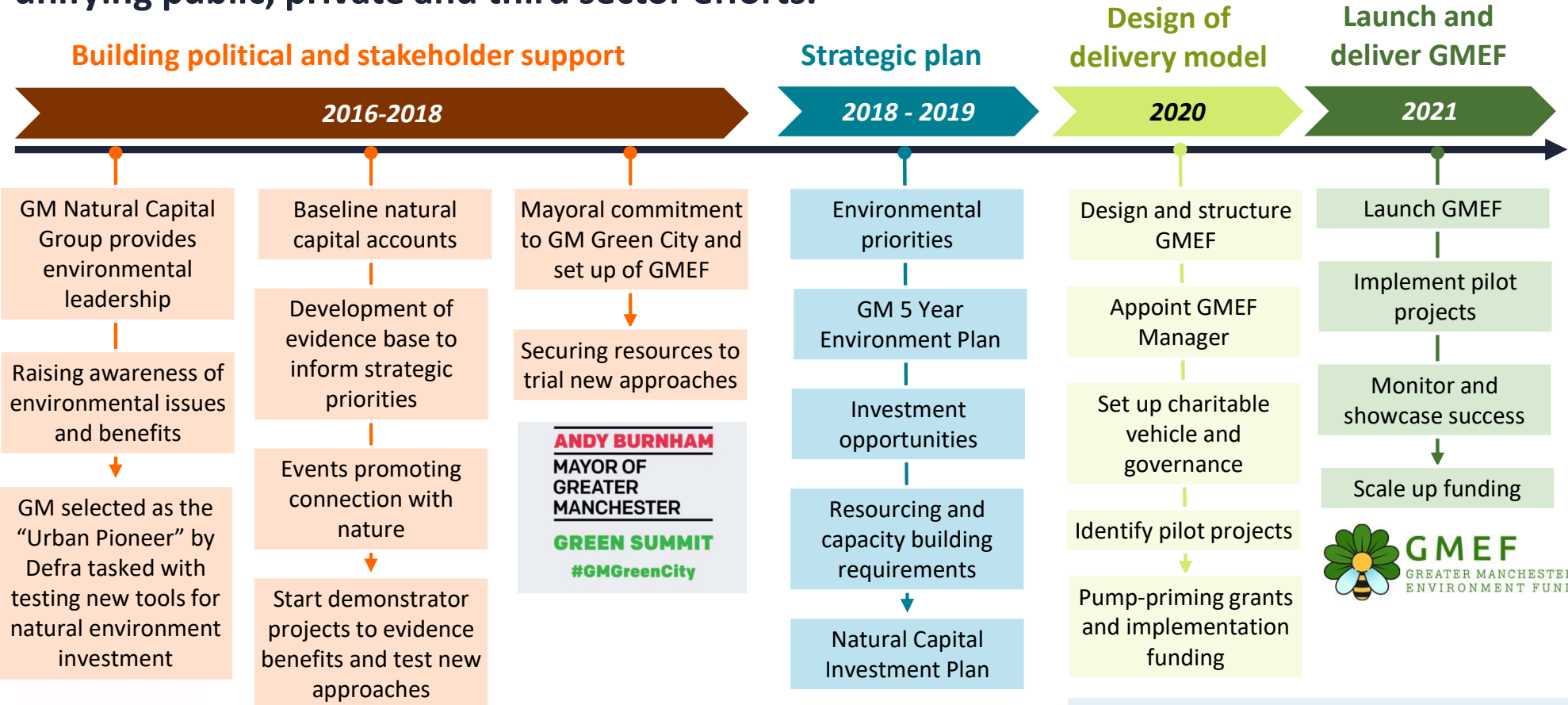
- Capacity building and technical assistance to increase the number of investable projects across GM



GMEF aims to align public and private sector funding to provide the capital needed to achieve GM’s environmental ambitions over the long-term.

Greater Manchester: The Urban Pioneer

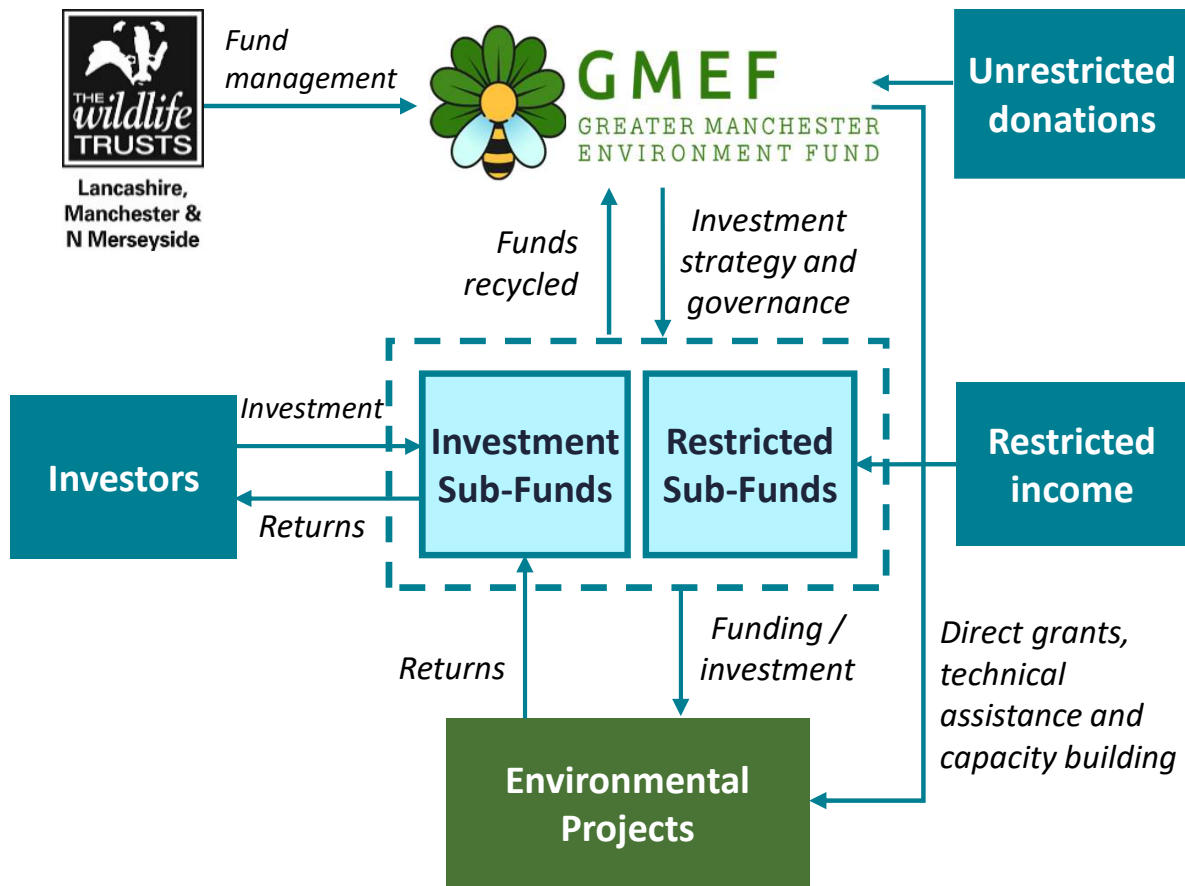
Through its journey of building political and stakeholder ambition that has culminated in GMEF, GM is at the forefront of the nascent environmental impact investment sector, unifying public, private and third sector efforts.



To build a structure of this scale, pump priming grants are required to bring in much needed development capacity to launch GMEF, implement pilot projects and showcase the benefits that GMEF has to offer.

GMEF Structural Overview

GMEF is a unique approach taken by a UK city region to strategically aggregate and leverage funding through an independent governance vehicle to deliver its environmental ambitions.



Overview of GMEF Approach

- GMEF is a charitable vehicle managed by Lancashire Wildlife Trust (“LWT”).
- LWT provides technical expertise, local network and experience in running charitable vehicles for fund deployment.
- GMEF will collate a range of non-restricted funds (such as public and philanthropic sources) and restricted funds (such as enforcement funds) to strategically channel into delivering GM’s environmental priorities.
- GMEF will use funding for:
 - Strategic direct project support; and
 - Creating specialist sub-fund subsidiaries focusing on natural capital business models that unlock restricted funding streams and mobilise private capital.
- Returns beyond those due to other investors will be recycled back into GMEF to support its aims.

GMEF provides a transparent mechanism to align funding sources and provide a governance framework to house further vehicles designed to fund specific natural capital projects in GM.

Investment Opportunities



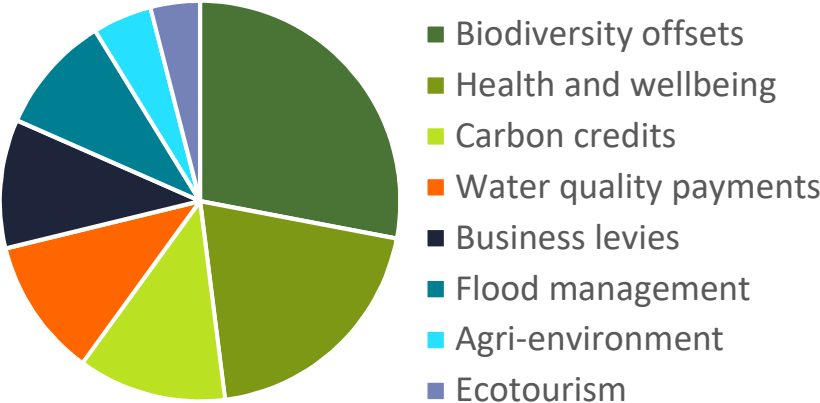
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Investment Opportunity Analysis

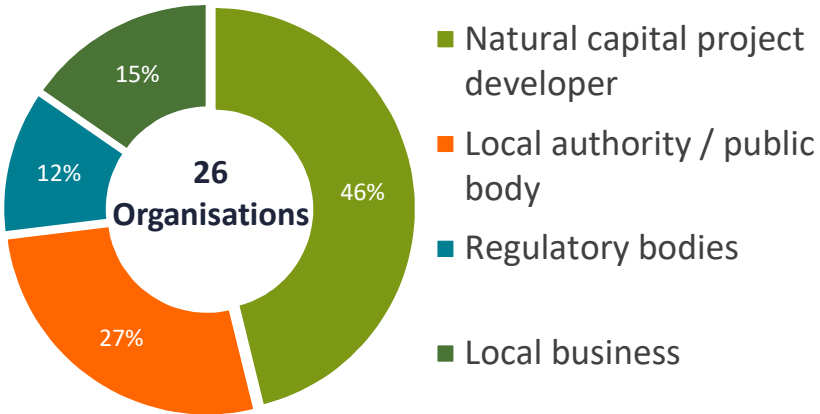
Throughout 2020, the GMEF partnership engaged with a wide range of stakeholders in the city region to support the design of GMEF and assess funding and investment opportunities.

Project revenue opportunities



- Over **50 natural capital projects** in development in GM were put forward by key partners. A **project level funding gap of well-over £100 million** was identified from projects that provided cost estimates.
- Major opportunities were identified to mobilise private investment in habitat creation and restoration through **biodiversity net gain** and **carbon income streams**.
- The establishment of a **Habitat Banking Facility and Carbon Offsetting Facility** was **prioritised** for further assessment based on the revenue opportunity review.

Investment model analysis



- Over **50 stakeholder meetings** were held with 26 organisations across the private, public and third sectors.
- The process evidenced the opportunity for **GMEF to better align public and philanthropic funding sources and expand private investment** into GM’s natural capital.
- The results were used to **refine the proposed investment opportunities and tailor the design of GMEF** towards the distinct attributes of the GM region and the needs of its stakeholders.

GMEF Funding Opportunities Horizon

Liaison with a broad range of GM stakeholders evidenced the significant opportunity for GMEF to raise public, philanthropic and private funds to deliver a thriving natural environment in GM and become self-sustaining over the long-term.

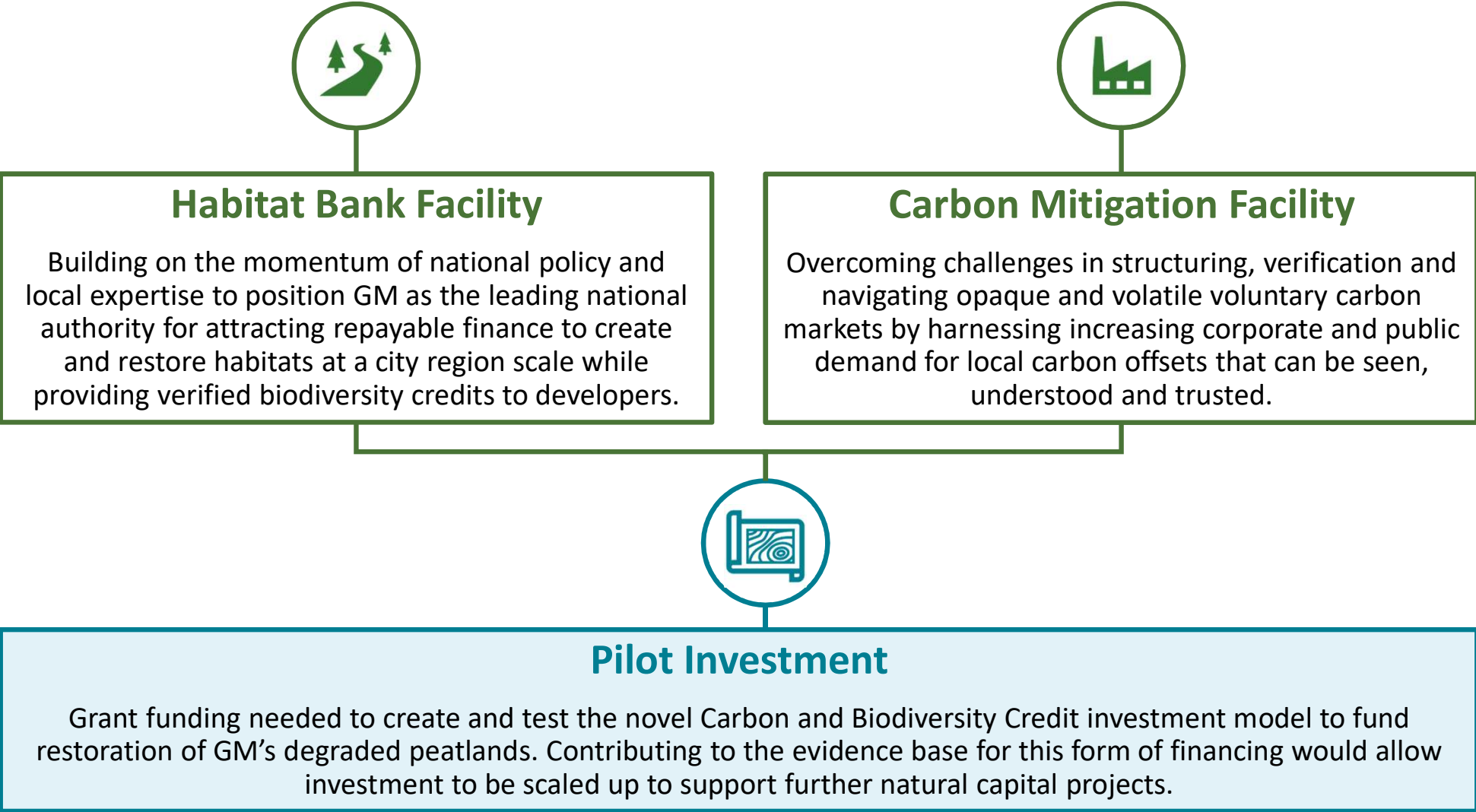
	<i>Short Term (<1 year)</i>	<i>Medium Term (1-3 years)*</i>	<i>Long Term (3-5 years)*</i>
Non-repayable funding	Pump-priming public and philanthropic grants	To provide much-needed development capacity and to pilot approaches	Clean Air Fund Ambition to launch a Clean Air Zone plan to reduce emissions through taxation
	Corporate funding programmes	Deliver corporate programmes – £200k per annum committed from Suez	Enforcement undertakings Fines for pollution issued by the EA
Repayable investment	Habitat Bank Facility	Further detail provided on pages 18-21	Sustainable Drainage Scheme (“SuDS”) fund Private investment mechanisms for SuDS are in development through the EU-funded IGNITION programme
	Carbon Mitigation Facility		Environmental Impact Bonds Results-based payment models are being explored to finance NBS
			Corporate sponsorship and individual giving Long-term corporate partnerships and individual giving based on GMEF showcasing success
			Plastic bag / waste levies; business levies Levies through retail partnerships and / or Business Improvement District initiatives
			Built environment carbon fund GM is considering a mandatory carbon offsetting approach to delivering net zero carbon development
			Low-carbon / circular economy Incorporate investment funds to achieve wider low carbon ambitions

Within 5 years, GMEF aims to develop sufficient funding, levies and private investment to become a self-sustaining funding source to support the delivery of GM’s environmental ambitions.

**Further work is being undertaken by Lancashire Wildlife Trust to assess the opportunity to incorporate medium/long term funding sources within GMEF. Other funding opportunities may also become available.*

Investment Opportunity Deep Dives

Two key investment models have been identified as the initial focus of GMEF, with the need to deliver a proof of concept pilot investment to support model scale up.



Investment Model 1: Habitat Bank Facility



Greater Manchester has ambitious targets to embed Biodiversity Net Gain (BNG) policy within development as part of its commitment to becoming a green city region.


National BNG Policy


- 10%** ▶ **Minimum BNG requirement for all new developments** by 2022 through the incoming Environment Bill
- £200m** ▶ **Estimated future annual revenue for habitat creation** from developers in England (Defra, 2019)
- \$4bn** ▶ **Annual habitat credits transacted in the US** (Conservation Finance Network, 2020)


GM could lead the way in building this market in the UK, by attracting repayable finance to create and restore habitats at a city region scale.



Significant Benefits of a GM BNG Approach

-  Increasing the quality and quantity of local greenspaces to benefit community well-being
-  Supporting a green city region and delivering the Mayor's zero carbon target
-  Generating new investment in strategic delivery of GM's Nature Recovery Network and ensuring funding is optimally spent

 Widespread political and stakeholder support is in place to support BNG policy development and implementation in GM.

 Significant evidence base to inform strategic policies developed across a broad group of industry experts within GM Natural Capital Group

 Implementation of BNG is part of a broad range of GM green city region initiatives, including:

-  Prioritisation and commitment to BNG in the GM 5-Year Environment Plan
-  Salford City Council (within GMCA) is a leader in BNG and plans to introduce BNG policy in 2021 ahead of national policy

GM has been developing a BNG funding and delivery model since 2018 to inform best practice to strategically enhance biodiversity ahead of national legislation.

Investment Model 1: Habitat Bank Facility

GM plans to lead the delivery of strategic habitat creation by setting up a dedicated Habitat Bank Facility to provide funding and support for local project developers seeking to deliver BNG at a city region scale, building on approaches in more developed markets.

Opportunity for a Habitat Bank Facility



Increase access to financing and unlock co-funding for projects with multiple outcomes e.g. flood defence, to accelerate the Nature Recovery Network



Streamline development in GM by developing habitat banks, providing developers with high quality “off-the-shelf” offsite BNG



Set high standards to deliver genuine ecological recovery at scale in places where it is most needed



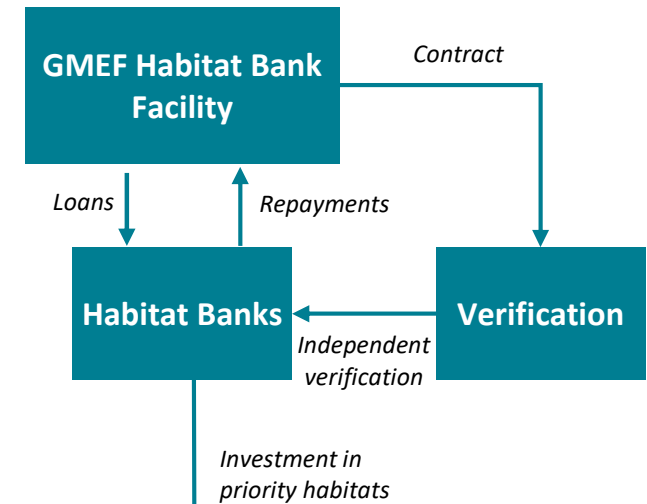
Reduce development and verification costs by centralising these across habitat projects in GM



Diversify local NGO income sources thus building delivery capacity and financial sustainability



Support GM’s position as the BNG pioneer region
Demonstrating how to effectively balance economic and environmental objectives



GM market opportunity analysis

Salford

Identified as the clear leader in BNG development, on track to implement ahead of national policy by early-mid 2021.

BNG proof of concept pilot funding is urgently required, to provide policy development and regional learnings to scale up BNG across GM.

Investment opportunity

>£300k annual income for offsite BNG, attracting

>£1m investment to the area

Whole GM Region

£5m-£7m

annual offsite BNG income reflecting a sizeable habitat bank investment opportunity

Investment Model 2: Carbon Mitigation Facility

With GM’s ambition to become carbon neutral by 2038, strong interest from GM corporates in local offsets, coupled with a major need for restoration of GM’s carbon sink landscapes, there is a clear opportunity to develop a carbon investment model.

Opportunities for carbon sequestration in GM

Peatland⁽¹⁾

17,500ha

of peatland in GM with huge potential to store carbon, reduce flood risks and provide key habitats

98%

of lowland peat has been destroyed and the remainder is badly degraded, emitting huge amounts of CO₂

140,000t

potential annual reduction of CO₂eq from restoring degraded peatlands

Woodland

1 million

trees to be planted by 2024 which will:

- Lock up carbon
- Alleviate air pollution
- Reduce flood risk
- Improve biodiversity



Need for supportive market infrastructure

Market infrastructure to develop new funding mechanisms will enable restoration of these landscapes and creation of new habitats to deliver GM’s carbon ambitions.



Corporate appetite for local carbon mitigation is increasing driven by growing consumer awareness and net zero commitments, providing new funding opportunities.



GM policy targets for mandatory net zero developments introduces a need for a vehicle to aggregate district offset funding and deploy into strategic projects.



Locally generated offsets have a major appeal in providing real, local benefits that can be seen, understood and trusted by corporate buyers.



Local project developers and landowners face major challenges in navigating opaque and volatile voluntary carbon markets and assessing income stacking opportunities.

(1) Natural England (2020). England Peat Strategy: Greater Manchester Peat Pilot Report for Defra

Investment Model 2: Carbon Mitigation Facility

Engagement with local stakeholders shows there is an opportunity to provide funding and support in monetising carbon credits to developers of natural capital projects in GM. A proof-of-concept pilot is the next stage to implement and refine the business model.

A GM Carbon Mitigation Facility could...



Secure offtake agreements with corporates with carbon targets to generate more stable income streams from corporates offsetting emissions.



Attract private investment into carbon sink projects requiring funding, allowing GM to contribute to its carbon targets by restoring its natural assets.



Reduce set up and verification costs and access higher, more consistent carbon prices by aggregating local projects and centralising marketing.



Act as a regional hub for information sharing and capacity building for local organisations developing carbon capture projects.

In 2018, LWT partnered with **Heathrow Airport** to support its plans to become carbon neutral through a £94,000 investment in peatland restoration.

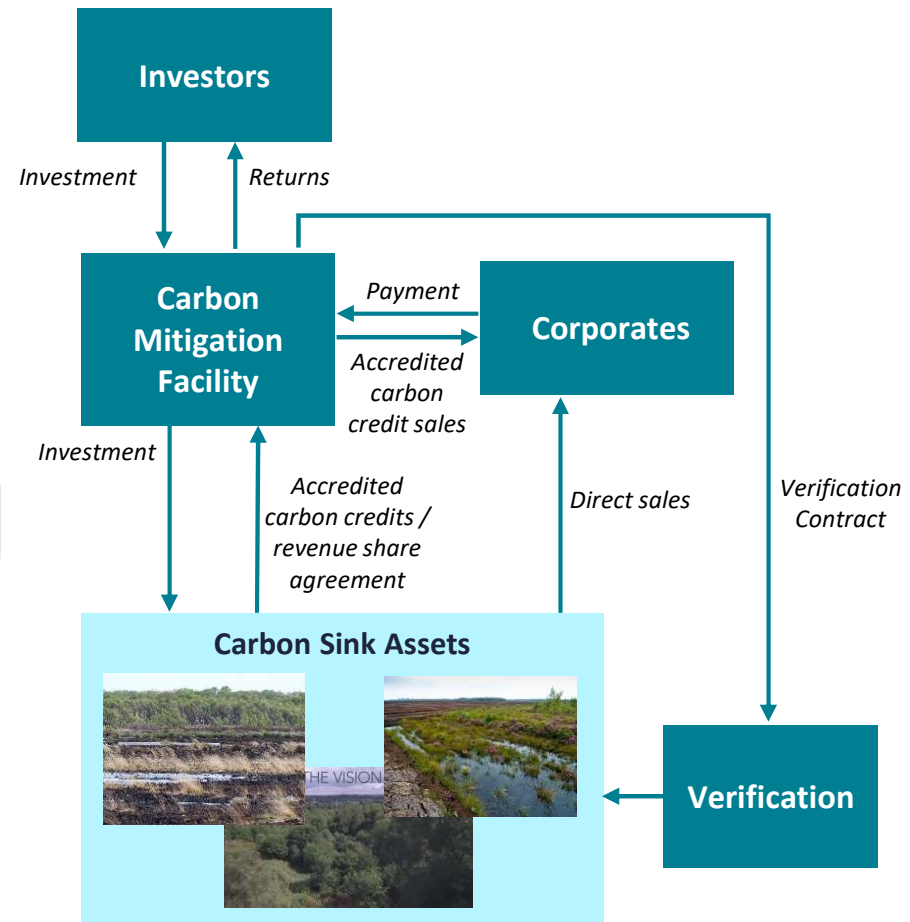
LWT's 70 ha project at Little Woolden Moss is expected to reduce emissions by 22,427 tCO₂eq over 30 years.

Heathrow
Making every journey better



There is a significant opportunity to build on this pilot and scale up carbon projects by providing upfront capital for habitat restoration and secure long-term carbon purchase commitments from corporates.

Indicative investment structure



Pilot Investment Opportunity: Chat Moss

Delivery of a pilot investment would enable the restoration of GM's hugely valuable peatland habitat, whilst proving the BNG and carbon investment models to enable scale up.

Carbon Storage Potential

Chat Moss is the largest remaining fragment of lowland peatland within GM. It is currently a huge Green House Gas emitter, having experienced severe degradation through intensive agriculture, industrial pollution and peat extraction.



Demonstration pilots are critical to evidence the opportunity to avoid significant emissions through peatland restoration.

Strategic Local and National Priority to Restore Chat Moss

Local Policy Support

Salford City Council:

- Has established Chat Moss as a “Biodiversity Heartland”;
- Aims to enhance local biodiversity through lowland raised bog restoration.

GMEF opportunity

1 Test approaches to fund GM's Nature Recovery Network through 'stacking' carbon with BNG credits.

National Policy Support

Natural England:

- Recently selected a site at Chat Moss as one of nine (out of 90) applicants to be a BNG Credits Scheme pilot project;
- Will provide resources to develop BNG calculations, management plans and governance for habitat provision.

2 Secure private investment into peatland restoration based on blended income streams.

A pilot investment would build on Salford's ambitions and LWT's carbon funding experience to provide the evidence base to scale up the Habitat Bank and Carbon investment models, to include:

- Quantified carbon and biodiversity credits
- Monetisation of environmental outcomes
- Verification requirements and process
- Financing structure to support delivery
- Delivery process

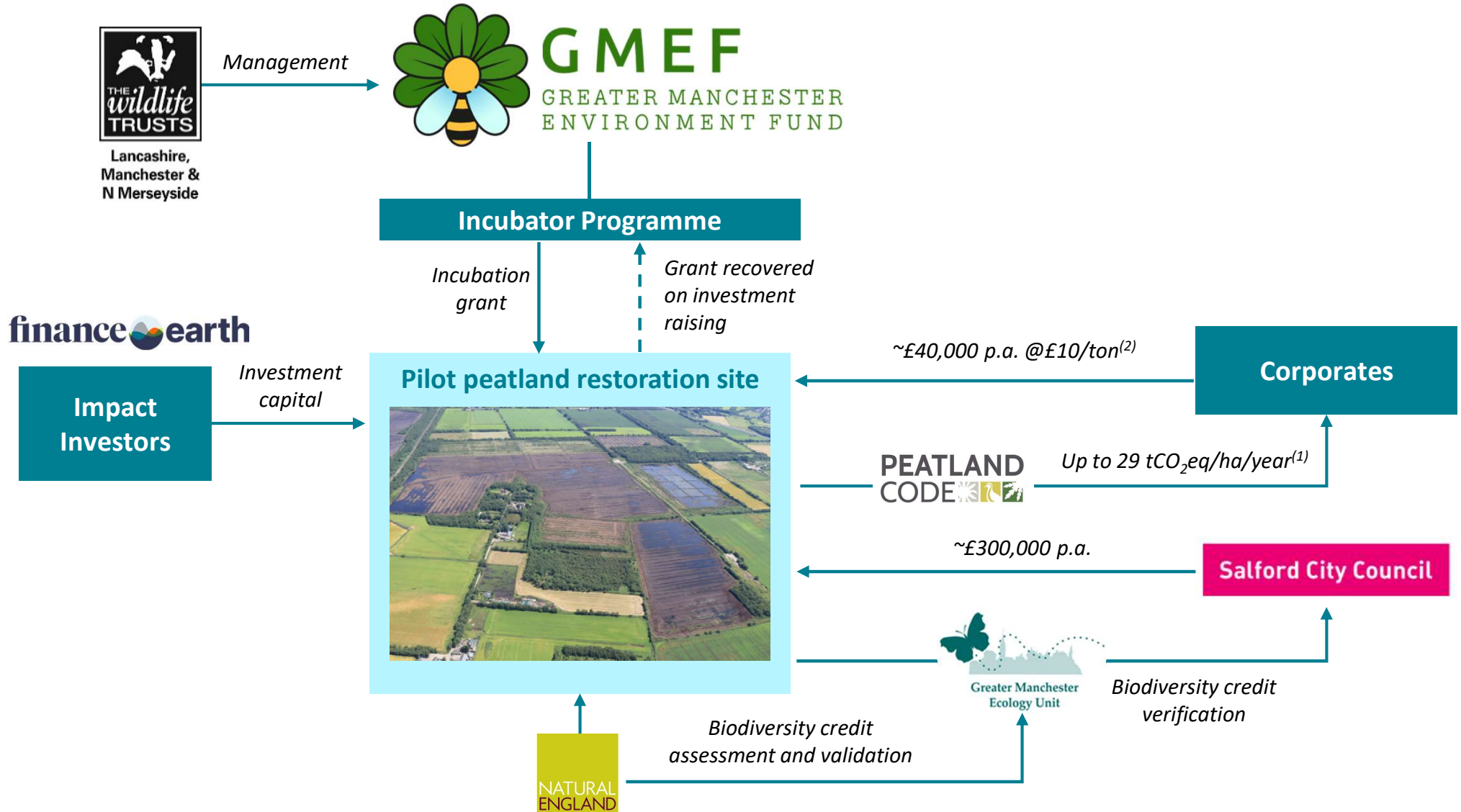
3 Set high standards for the region for delivering carbon mitigation and BNG following environmentally sound principles.

GMEF is seeking a revolving grant of £175,000 to support the design and implementation of the BNG and carbon investment pilot over the next 18 months.

⁽¹⁾ Defra, 2020

Proposed Structure of Peatland Pilot Investment

Indicative transaction structure

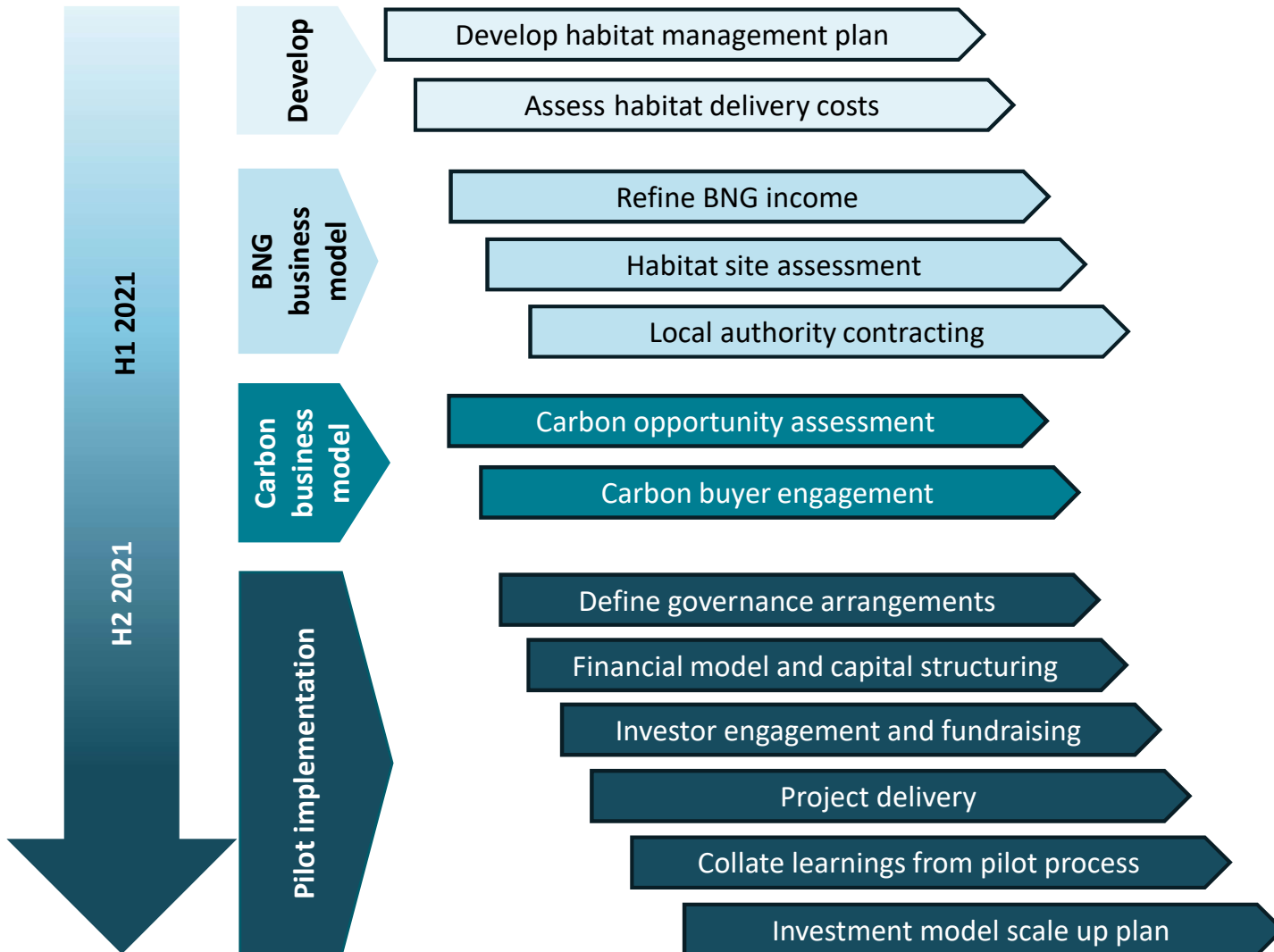


(1) Findings from study of 2,802 ha site on Chat Moss by Natural England in the Peat Pilot Report for Defra – indicating conversion from intensive agriculture practices could produce GHG savings of 50-80,000 t CO₂e per year (2020)

(2) Based on a 139 ha peatland site at Chat Moss

Pilot Implementation and Scale Up Plan

Learnings provided during the pilot process will support scale up of the Habitat Bank and Carbon investment models to deliver funding for habitats across GM. Pilot implementation is dependent on securing development funding and establishing a robust investment case.



Delivery Team Partner	Role
 Lancashire, Manchester & N Merseyside	GMEF Fund Manager and local eNGO
	Local Planning Authority
 Greater Manchester Ecology Unit	Specialist ecological advisor
	Specialist financial advisor
 GREATER MANCHESTER COMBINED AUTHORITY	GMEF Sponsor
 NATURAL ENGLAND	BNG credit assessment and validation
 REALISING POSSIBILITY	Landowner

Funding Need and Budgets



Pilot Investment Programme Budget

GMEF’s proposed pilot programme requires a revolving grant of £175,000 to deliver a proof-of-concept for BNG and carbon investment. This is intended to be recoverable to create legacy funding through an Incubation Programme for further pilot investments.

Role	Budget (£'000)	Key responsibilities
Financial advisor	90	<ul style="list-style-type: none"> BNG and carbon business model development Financial model and capital structuring Investor engagement and fundraising Investment model scale up delivery plan
Carbon assessment	10	<ul style="list-style-type: none"> Emissions reductions projections Carbon verification methodology
GMEF Manager	20	<ul style="list-style-type: none"> Carbon market engagement Stakeholder engagement Investment model scale up delivery plan
Ecologist	10	<ul style="list-style-type: none"> Habitat management plan BNG unit calculations and costings Monitoring and reporting
Legal and other fees	20	<ul style="list-style-type: none"> Legal structuring, documentation and related costs
Net budget total	150	
VAT	25	
Grand total	175	<i>Revolving grant to support pilot implementation work streams to March 2022</i>

Incubation Programme

- The pilot programme is intended to provide a ‘proof of concept’ investment to allow the Habitat Bank and Carbon investment models to be scaled up to deliver greater investment in GM’s natural capital.
- The pilot programme can be run independently from GMEF Manager scale up grant.
- The initial grant is intended to be recoverable from the realised follow-on investment to create legacy funding for a long-term Incubation Programme to deliver further pilot investments.
- Recovery of the repayable grant depends on the success of the pilot and subsequent fundraising for the launch of investment funds.

Scale Up Funding Need

Further pump priming grants would bring in vital development capacity to attract a broader range of funding streams to accelerate GMEF growth and increase the impact it can deliver.

- LWT with the support of Finance Earth and GMCA has already secured key funding commitments for GMEF to enable it to begin to deliver on its mission and cover core costs, including:
 - £1.8 million from Defra’s Green Recovery Challenge Fund to support 11 local partners to deliver the GM Local Nature Recovery Strategy through a portfolio of collaborative projects.
 - £220,000 per annum from Suez Community Fund to deliver grants into community recycling projects.
- While these secured funding sources cover the operational costs to deliver specific programmes of environmental investment, further pump-priming grants are needed to:
 - Bring in much-needed capacity to build on this success by leveraging identified additional funding streams to meet GM’s long-term environmental objectives.
 - Put GMEF onto a sustainable long term footing to continue its mission and fulfil its potential to be the UK’s leading regional environmental impact vehicle and a blueprint for other regions to follow.
- With critical early stage report, funding levels are projected to scale to £2.9 million in the next 2 years and £6.5 million over 5 years, as detailed in the next page.

Funds secured



Department
for Environment
Food & Rural Affairs



The Environment Partnership: Biodiversity in GM

A grant funding request of £150k would cover the next 15 months of GMEF development activities to support ambitions to scale up funding and investment to deliver benefits over the long-term.

Scale Up Funding Need

Further pump priming grants would allow GMEF to be positioned to access new long-term funding streams that will enable it to develop into a hugely impactful regional initiative.

Scale up funding need of £150k

Scale Up Funding Need	Organisation	Costs (incl. VAT) (£'000)
Corporate funding streams (e.g. CSR, carbon market, waste levies)	GMEF Manager*	75
Enforcement undertakings		15
Local authority funding		10
Clean Air Fund distribution		10
Project management and other costs		10
Further investment model development	Financial Advisor	30
Net total		150

*Includes staff costs (for a Programme Manager, Communication Officer and LWT Senior Management support) and associated office costs to March 2022

Projected GMEF funding raised

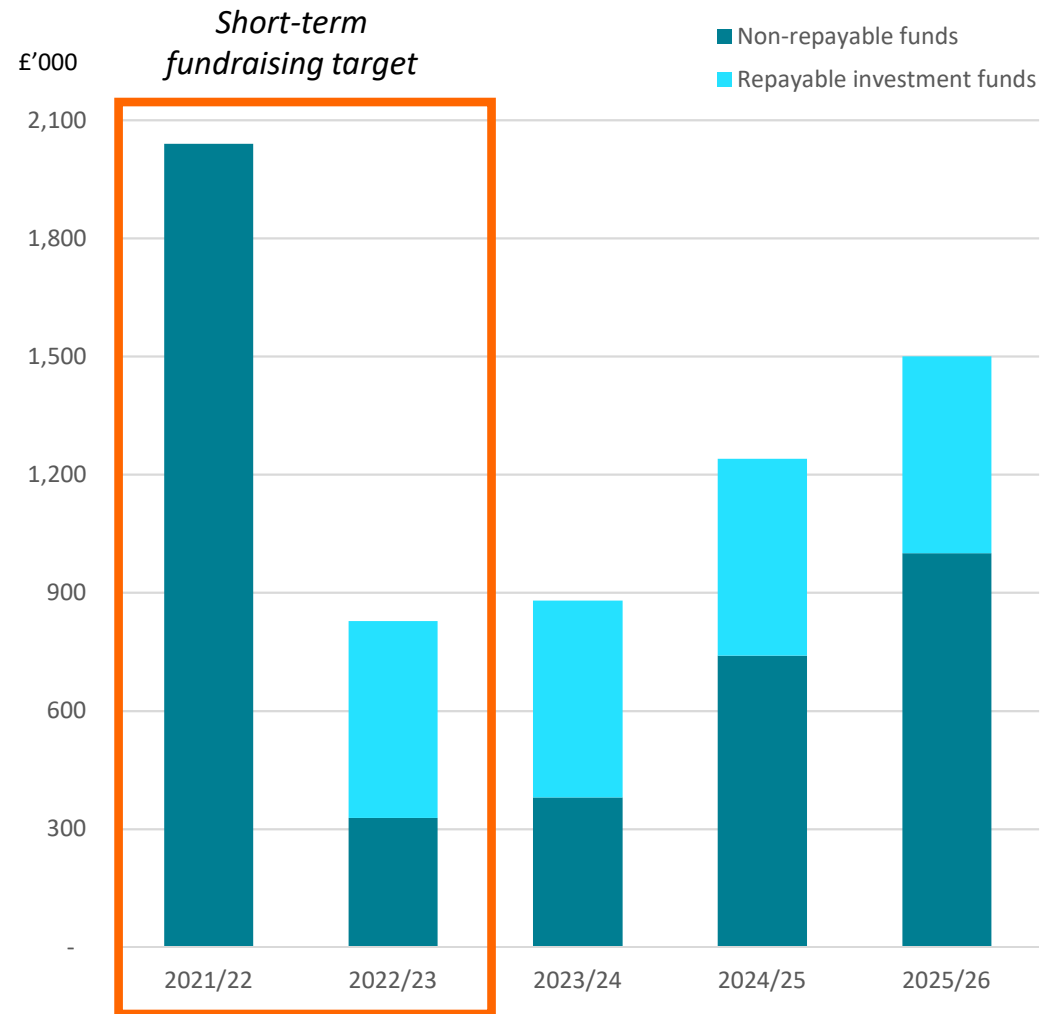
Funding sources (£'000)	2 Year Total	5-Year Total	Confidence
Suez Community Fund	440	1,100	High - committed
Green Recovery Challenge Fund	1,800	1,800	High - committed
Corporate donations	100	900	Medium – strong local appetite from initial engagement
Clean air fund	-	420	Low – early development stage
Enforcement undertakings	60	300	Medium – historical analysis
Local authorities	8	68	Medium – high engagement; but local budget pressures
Individual giving	-	60	Low – resource intensive to secure
Private repayable investment funds	500	2,000	Medium – strong business model for BNG and carbon with other investment funds already in development
Total	2,908	6,648	

Total Grant Request Summary

A short term grant of £325,000 in total will accelerate GMEF by providing the development capacity to implement GM’s Natural Capital Facility within 18 months and further funding to be raised to support GM’s long-term natural capital priorities.

	Amount requested (£000)
Pilot programme revolving grant	175
GMEF scale up funding grant	150
Total funding request	325

Annual Projected GMEF Funding Mobilised



GMEF Delivery

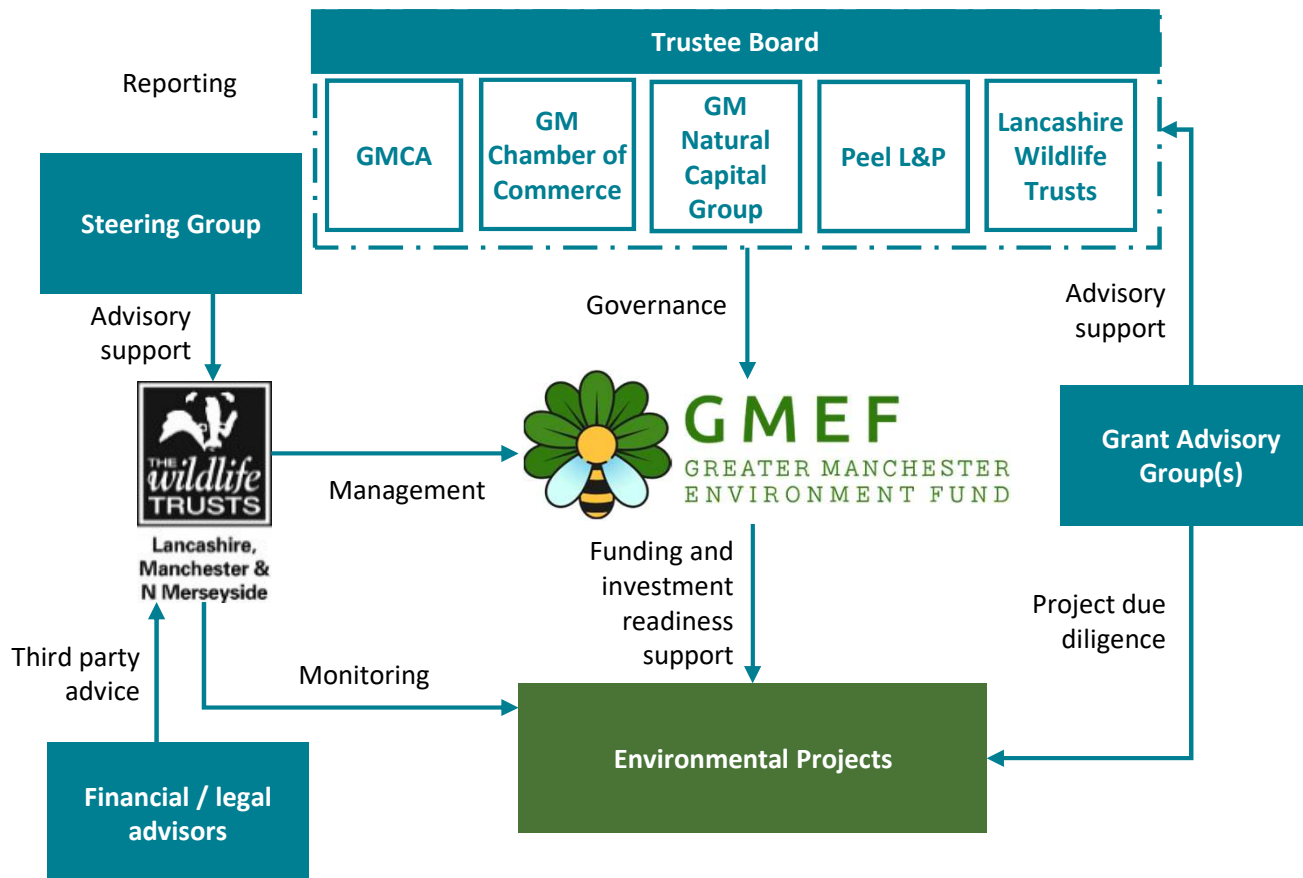


GMEF
GREATER MANCHESTER
ENVIRONMENT FUND

GMEF Governance Structure

GMEF will be structured as a charitable company limited by guarantee using a similar model as the Lancashire Environment Fund, which LWT designed and has managed effectively over the last 20 years, deploying over £25 million of grants.

Governance Structure



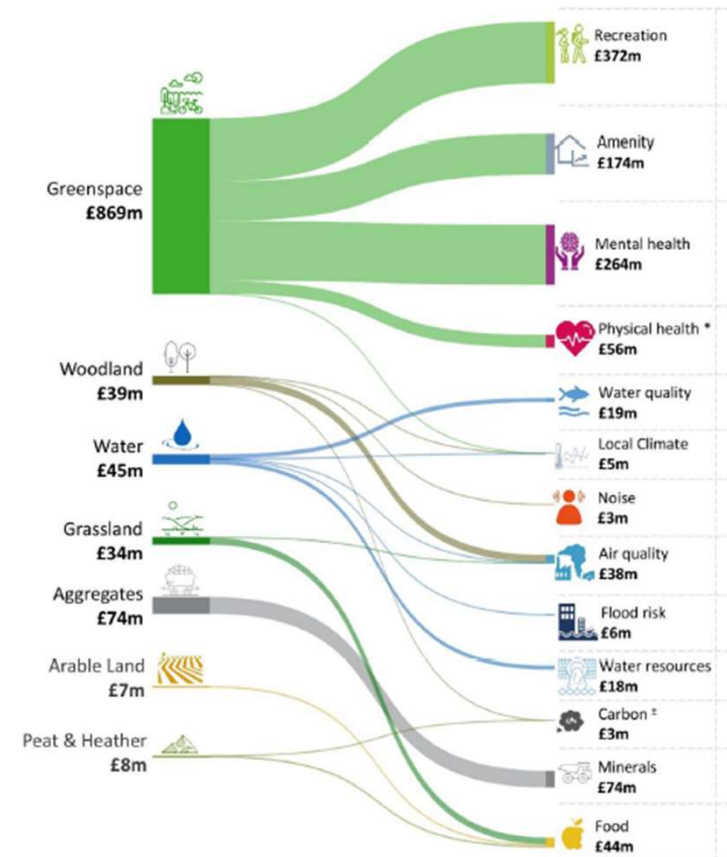
- GMEF is set up as a charitable company, with LWT contracted as its manager.
 - LWT’s experienced Programme Team monitors day-to-day operation, project delivery and compliance.
- An independent Board of Trustees provides strong governance and oversight to ensure GMEF delivers GM’s environmental ambitions.
 - Includes members from GMCA, LWT, GM Natural Capital Group Chair and business representatives to provide a wealth of diverse knowledge and experience.
- An independent project Steering Group provides strategic oversight and potential access to funding streams.
- Grant Advisory Groups support the Trustee Board with project due diligence and verification for specific funding streams.
- Specialist financial and legal experts can be brought in to support as required to implement new investment sub-funds.

GMEF Sponsor: GMCA

GMCA is working together to improve the lives of people in Greater Manchester.

- GMCA is made up of the ten GM councils and the Mayor, who work with other local services, businesses, communities and other partners to improve the city region.
- GMCA's vision is to make GM, home to more than 2.8 million people, one of the best places in the world to grow up, get on and grow old.
- As a devolved city region, GMCA gives local people more control over issues that affect their area. GMCA enables the region to speak with one voice and can make a strong case for resources and investment to help the entire north of England achieve its full potential.
- GMCA recognises that the natural environment in the GM region is fundamental to the health and wellbeing of the residents and the foundation of the local economy.
- GMCA has set out bold plans to create a city region that is fit for the future and will lead a new environmental revolution in the UK.
- GMCA is working to ensure that immediate environmental leadership and action will tackle the scale of the environmental threats facing the region and secure a cleaner and healthier environment for all.

Benefits of GM's Natural Environment



GMEF Manager: Lancashire Wildlife Trust (LWT)



Lancashire,
Manchester &
N Merseyside

LWT has over 50 years of experience in managing large-scale projects, partnerships and funding programmes to restore the natural environment, build a strong voice for wildlife, and inspire people to connect and engage with nature.

LWT's Experience

- LWT has 30,000 members, 4,000 volunteers, 190 staff, manages around 200 ha of nature reserves and delivers environmental education to 20,000 children per year.
- LWT is well-known for its science-based conservation expertise and is at the forefront of bringing species such as red squirrels back from the brink. LWT has recently reintroduced the Manchester Argos butterfly to Greater Manchester after an absence of 150 years.
- LWT has a range of environmental expertise including in advocacy, campaigning, land management and partnerships; programme management, wider stakeholder engagement, consultation and communication; and fundraising, including experience in new and more diverse income streams and fund distribution.
- With an annual turnover of £5 million, a £1 million trading arm and a £1 million landfill distribution arm, LWT is experienced at managing large-scale projects including:
 - Chat Moss - major lowland peatland acquisition, restoration and habitat creation;
 - Bickershaw Country Park - natural flood storage;
 - Wigan Flashes - land reclamation and transformation into the country's first proposed National Nature Reserve; and
 - Great Manchester Wetlands Partnership - areas designated as a Nature Improvement Area.

“If we are going to turn the tide and meet the double challenge of climate crisis and biodiversity crisis, then developing approaches such as the Greater Manchester Environment Fund are crucial. We aim to trailblaze and to turn theory into delivery.”

Anne Selby, Greater Manchester Natural Capital Group Chair and previous Lancashire Wildlife Trust CEO

GMEF Investment Advisor: Finance Earth

Finance Earth is the UK's leading environmental impact investment boutique, offering corporate finance advisory and fund management services across the natural and built environment.



Finance Earth has the leading UK track record of designing combined environmental and social impact funds.



Finance Earth manages over £50 million of blended or aligned social and environmental impact funds.



The team has designed over £500 million of impact investment structures.



Finance Earth has strong stakeholder relationships with leading environmental organisations.



Finance Earth has extensive experience in both innovative financing and natural capital asset management.



Finance Earth is a wholly employee-owned social enterprise, with 51% of profits being recycled in on-mission activities and investments.

Fund Management



Fund Advisory and Creation



Investment Advisory



Working together to safeguard Marine Protected Areas

Enabling investment into conservation, climate and communities.



Lancashire,
Manchester &
N Merseyside

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