

Briefing

Dasgupta Review response

June 2021



Summary

In February, the Treasury published the [final report](#) of the Independent Review on the Economics of Biodiversity led by Professor Sir Partha Dasgupta. **The review is clear that our economy and livelihoods depend on nature.** To support current and future prosperity, the review proposed changes to how we measure economic success and govern our economies and finance.

The government's [response](#) accepted the core principles of the review and made encouraging steps to enhance and protect the natural environment as the foundation of our economy. Positive steps include **amending the Environment Bill to include a 2030 species abundance target** and applying **the principle of biodiversity net gain**, ie where development must leave biodiversity in a better state than before, to new nationally significant infrastructure projects (NSIPs).

However, the government's response falls short of what is needed. There is little new investment in nature creation, restoration or protection despite new targets, and it lacks leadership and engagement from the chancellor on one of the government's priorities.

With the G7 summit now passed, there are few opportunities to implement the Dasgupta Review before the UK hosts the Glasgow climate summit in November. To lead the world on nature, we need to see the government match its ambition with action by further strengthening the flagship Environment Bill, supporting nature financially at the autumn spending review, and by displaying leadership at the Biodiversity Summit in Kunming in October.

How does the government's response meet the needs of the review?

To protect our economy, environment policy should cover three areas:

1. UK institutions and governance
2. Regulatory mechanisms, including green finance
3. Public-private investment vehicles

1. UK institutions and governance

Ask 1: Introduce legally binding targets to halt and begin to reverse declines in nature by 2030, in line with the overarching goal of the Leaders' Pledge for Nature.

What was announced:

- The government has proposed an amendment to the Environment Bill to require a new target on species abundance in England for 2030, aiming to halt the decline of nature.
- The government launched the 2030 Nature Compact, through which G7 leaders committed to halt and reverse biodiversity loss by 2030.

What's needed now?

- The government amendment falls short on the ambition needed and must be strengthened to set a definitive target to halt the decline of wildlife by 2030.
- Targets must be accompanied by detailed funding plans alongside effective monitoring and enforcement.

Ask 2: Establish a baseline and measure regularly the state of the natural environment, focusing on clear outputs against agreed environmental plans.

What was announced:

- Natural England and the Department for Environment, Food and Rural Affairs (Defra) are developing an updated Biodiversity Metric, expected to be published in the summer. This will be mandated in the Environment Bill for large new infrastructure projects. It should provide developers, planners, land managers and others with a tool to calculate a site specific biodiversity baseline.

What's needed now?

- The government's response to the Dasgupta review focused on local or site specific measurement with no commitment to a national baseline assessment. This is vital to determine whether targets and commitments in the Environment Bill are met.

Ask 3: Future spending must be assessed against this baseline and the UK's net zero target to ensure overall government spending and fiscal policy is in line with our climate and nature goals.

What was announced:

- The government will legislate to introduce biodiversity net gain (BNG) for new nationally significant infrastructure projects (NSIPs) in England through an Environment Bill amendment.
- The government will produce supplementary guidance on biodiversity valuation for the Green Book, which will enable consideration of biodiversity in decision making.
- The government is taking steps to integrate nature into its official development assistance (ODA), which will ensure that new UK aid spending does not harm nature.
- The Treasury is joining the Paris Collaborative, which aims to explore and share best practice on new tools to assess and drive improvements in aligning national expenditure and revenue processes with climate and environmental goals.

What's needed now?

- While the decision to introduce BNG for NSIPs is positive it does not cover other major infrastructure projects granted outside of the NSIP process. The Environment Bill must also extend BNG to cover all major infrastructure projects.
- The implementation of the environmental guidance set out in the Green Book must be reviewed to ensure it is effectively adopted across all government decisions.

Ask 4: Charge other departments and domestic budget oversight bodies with ensuring environmental compatibility with overall spending

What was announced:

- The government intends to consult on proposals for reforming the Better Regulation Framework in the coming months and will consider how environmental impacts can best be taken into account in the design and implementation of regulatory policy.
- The Department for International Trade will work with other departments to assess the environmental impacts of new free trade agreements (FTAs).

What's needed now?

- The Treasury's fiscal framework should be extended to include analysis of the climate and nature impacts of its spending. This could include the creation of an equivalent of the Office for Budget Responsibility to assess environmental consequences of future budgets and spending reviews.

Ask 5: Take responsibility for assessing national natural capital stocks.

What was announced:

- The government will publish Natural Capital Accounts as part of National Accounts (Blue Book).
- The Treasury will provide funding to the Office of National Statistics (ONS) to boost natural capital estimates.
- The ONS are reviewing the production and publication of measures of Public Sector Net Worth and will examine the feasibility of developing expanded public sector asset measures.

What's needed now?

- Increased funding for the ONS natural capital team to accelerate the measurement of environmental stocks to sit alongside GDP with a natural wealth account.

2. Regulatory mechanisms, including green finance

Ask 1: All UK governments must scale up incentives for private sector investments in ecosystem restoration.

What was announced:

- A new Nature for Climate Impact Fund to leverage private finance into new capital markets for carbon, water quality, natural flood alleviation and other ecosystem services.
- The government is supporting the Voluntary Carbon Market Integrity initiative to develop clear guidance that ensures the use of voluntary carbon markets is in addition to ambitious action by companies seeking to reduce their direct emissions.
- The government is working with industry leaders through the Financing UK Nature Recovery coalition to develop a roadmap scaling up high integrity environmental markets in the UK.

What's needed now?

- Standards in carbon markets need to be improved to help facilitate investment in nature-based solutions (NBS). This could be achieved through a national 'office for carbon removal', which should be given the role of verification and oversight to

offsets through carbon markets are genuinely robust, measurable and benefit the environment.

Ask 2: All UK governments must champion and continue to fund the work of the Taskforce for Nature-related Financial Disclosure (TNFD) internationally and domestically. The TNFD should be put on the same footing and prominence as the Taskforce for Climate-related Disclosures (TCFD).

What was announced:

- The TNFD will build, consult, test and launch a framework for by 2023. This framework will enable corporate and financial institutions to report and act on evolving nature-related risks.
- The government will commit up to £3 million to develop the TNFD framework.
- The TNFD will complement the TCFD building on its four pillars and drawing on its lessons learnt.

What's needed now?

- Disclosure is a welcome step; institutions will need to be supported with expertise and guidance as well as developing nature recovery strategies alongside disclosing their current state.

Ask 3: Due diligence on supply chains to ensure they are protecting natural resources.

What was announced:

- The government is working to reduce the UK's global environmental footprint by introducing legislation through the Environment Bill to make it illegal for large businesses in the UK to use forest risk commodities that have been produced on land illegally used or occupied. This new legislation will require businesses to undertake a due diligence exercise and report on it annually.

What's needed now?

- This is a welcome first step but a legally binding target to significantly reduce the UK's global footprint by 2030 should be introduced and the due diligence framework should be strengthened to address all deforestation linked to UK forest risk commodity supply chains, whether regarded as legal or illegal under local laws.
- The Environment Bill should include a mechanism to progressively improve the framework, its implementation and enforcement and establish equivalent obligations for financial institutions and ensure the right to free, prior and informed consent of affected indigenous peoples and local communities is respected.

3. Public-private investment vehicles

Ask 1: All UK governments must commit to a minimum [£1 billion annual investment](#) package in the next spending review.

What was announced:

- The government outlined no significant new funding.
- The government will publish the Green Financing Framework on 30 June. This will set out the basis for identification, selection, verification and reporting of green projects that are eligible for finance from government's green gilt programme and NS&I's green product.

What's needed now?

- The government's response to the Dasgupta Review mostly highlighted pre-existing commitments and announced no new funding, despite the ambition being new. There will need to be increased ambition in the spending review tied to the new targets.
- Additional funding must be provided to overcome any barriers to private investment in nature.

Ask 2: Equip the UK Infrastructure Bank (UKIB) to be nature positive and crowd in private investment.

What was announced:

- The government expects the UKIB to crowd in private investment to support more than £40 billion of infrastructure investment overall, although it is unclear if that currently includes natural infrastructure.
- The government will review the case for broadening the UKIB to include other areas, such as improving the UK's natural capital.

What's needed now?

- The sooner the UKIB establishes its expertise, the sooner its financing can support projects that improve the environment like derisking trade in ecosystem services or driving job creation in peatland or seagrass restoration.

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