

The UK nature finance ecosystem: status and opportunities for scale

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Overview of Report

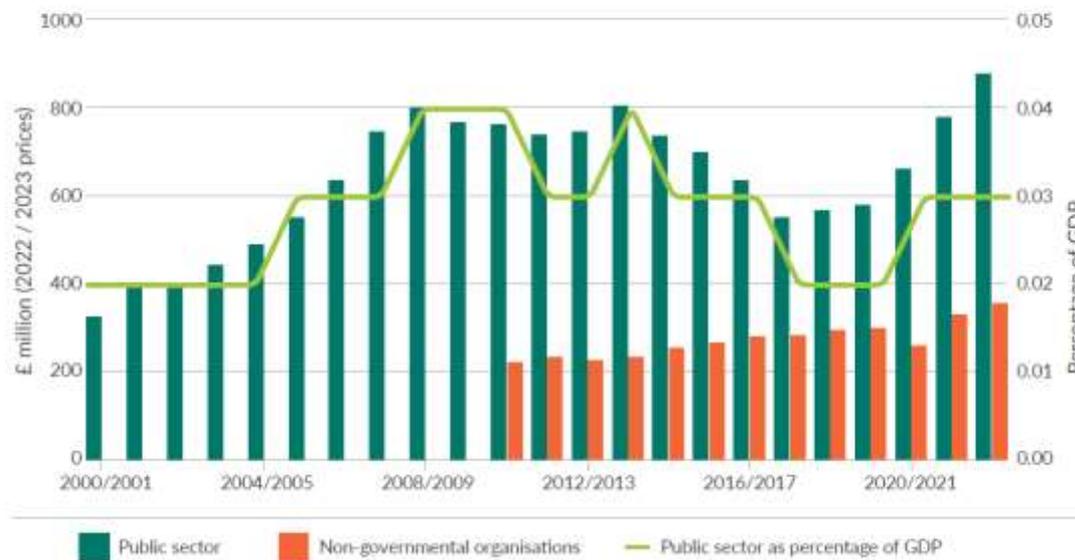
What the Report Does

This report, produced by researchers at the Leverhulme Centre for Nature Recovery, provides an overview of the UK's nature finance landscape. It explores current funding flows, financing mechanisms, and the network of public, private, and civic actors involved. The report also examines the enabling environment for scaling finance — including the potential of blended finance — and identifies key barriers and opportunities. As a primer, it is designed to inform future research and guide policy development.

Key Facts and Figures

- Nature loss is expensive: environmental degradation could reduce UK GDP by 6–12% by 2030, potentially costing up to £300 billion (University of Oxford estimate).
- Finance depends on nature: around 50% of UK financial institutions' £4 trillion in assets depend moderately or heavily on ecosystem services. 10% are highly dependent.
- A £56 billion/year finance gap must be closed to meet the UK's nature-related goals. Doing so would protect nature while unlocking growth, competitiveness, and jobs.
- Public sector funding is currently dominant: In 2022–23, UK public spending on biodiversity was £876 million — just 0.03% of GDP.
- There are bold aspirations for private finance but currently many barriers to investment remain. The government aims to mobilise £500 million/year in private nature finance by 2027, rising to over £1 billion/year by 2030.
- The UK is lagging behind peers in using public financial institutions to scale blended finance for nature recovery. The UK remains one of the most nature-depleted countries globally.

Figure 1: Expenditure on biodiversity in the UK, 2000/2001 to 2022/2023. Source: JNCC 2024(JNCC, 2024) based on data from Defra and HM Treasury.



Preliminary conclusions

Although this is a discussion primer, several clear directions emerge.

1. Blended finance is an under-used tool in the UK.

- The UK has experience with blended finance through institutions like the UK Infrastructure Bank, UK Export Credit Agency, and the former Green Investment Bank.
- Existing infrastructure, such as the National Wealth Fund (NWF), could be repurposed to support nature recovery.
- Other countries are ahead in using public finance to leverage private investment in nature. Globally, blended finance has already mobilised billions for nature recovery projects.
- The UK should pilot a large-scale, nature-focused blended finance facility, treating nature as essential infrastructure – on par with transport or energy.

2. Address the gaps in policy architecture

- Nature finance should be fully integrated into green finance regulation and policy.
- Forums like the Climate Financial Risk Forum and platforms such as the UKRI Integrating Finance and Biodiversity programme can build capacity across the financial system.

3. Invest in scientific and data foundations

- There is a pressing need for better science, data, analytics, and standards to underpin nature-positive finance.
- Improved metrics and measurement tools are vital to scale investment and build confidence in outcomes.

Summary

Nature finance in the UK is still comparatively small scale but the case for scaling up is clear. With coordinated policy, credible metrics, and strategic use of public capital, the UK has a strong opportunity to step into a global leadership role in financing a nature-positive future.