Leverhulme Centre for Nature Recovery

The UK nature finance ecosystem: status and opportunities for scale

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Executive summary

In 2023, the UK Government made an unprecedented commitment to mobilise at least £500 millions of private finance per year into nature recovery by 2027, increasing to more than £1 billion per year by 2030. This report reviews the current state of nature finance in the UK, the ecosystem of actors involved and the enabling environment to scale finance, including the role of blended finance. The report acts as a primer to inform future research toward policy recommendations.

The business case of scaling nature finance in the UK is clear. Research by the University of Oxford has shown that nature-related risks could wipe out £150-300 billion from UK GDP by 2030 and around half of the UK's four trillion GBP in assets held by financial institutions are at least moderately dependent on ecosystem services. Against this, the finance gap to meet the UK's nature-related outcomes is estimated to be £56 billion a year. Closing this gap would protect and unlock growth, competitiveness and jobs. We define nature finance as "*finance that contributes to activities that conserve, restore or sustainably use nature, and that aligns financial flows with the goals of the Global Biodiversity Framework and Paris Agreement*".

The largest source of nature finance in the UK is currently the public sector, spending an estimated £876 million on biodiversity-related projects in 2022/3, or around 0.03% GDP. However, substantial funding is also already provided by private actors, particularly landowners, water companies and businesses, yet the scale is difficult to estimate. For example, the actions required by the Water Industry National Environment Programme (WINEP) are estimated to account for just over £22.1 billion in investment in the environment from water companies between 2025 and 2030. At the same time, actions by businesses and landowners also contributes to the erosion of the UK's natural capital. The Office for Environmental Protection concluded that while progress is being made to meet the UK's commitments, the rate of progress remains far below what is needed.

An important conclusion of the report is that scaling private nature finance is not just about more public money for nature. It is about using the full toolbox of policies, regulations, information and market-based mechanisms to create the enabling environment for finance to flow. The report reviews that current enabling environment as a primer to a dialogue about how gaps can be closed to motivate more investment. Aligned with the UK's definitions outlined in its Green Finance Strategy, this includes actions to 'green finance for nature' as well as mobilise additional nature positive finance. A clear conclusion of this report is that action on both aspects is required to scale up nature finance in the UK. While further research is required to make detailed policy recommendations, initial insights are provided. For example, the importance of greening finance for nature is clear from previous research published by the University of Oxford and partners, and this report lays out several policy recommendations to more explicitly embed nature within existing financial regulatory and supervisory approaches, and to support the provision of better data to inform markets.

The report concludes that the UK is behind other countries in leveraging its public financial institutions to scale-up blended finance for nature. The report reviews the status of blended finance in the UK and draws lessons from around the world, including the European Investment Bank. Currently, while various UK initiatives aim to mobilise more private investment into nature, there is no dedicated blended financing facility operating at scale, despite the success of such facilities in other countries. Globally, blended finance facilities have mobilised over $3 billion in investment in nature recovery over 2018 to 2023. We conclude that the strategic deployment of concessional public capital through existing facilities, such as the National Wealth Fund as a pilot, is an important next step for the UK.

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1 Introduction

The UK is one of the most nature-depleted countries in the world. The 2023 report of the UK Office of Environmental Protection concluded that while progress has been made, the government remains largely off-track to meet the ambition of the 2023 Environmental Improvement Plan (Office for Environmental Protection, 2024). Recent research by the University of Oxford and partners – partly funded by the UK Department for Environment, Food and Rural Affairs (Defra) [1] – assessed that failing to address environmental degradation in the UK could lead to UK GDP that is 6 – 12 % lower than it would be otherwise by 2030, potentially wiping out around £150 – 300 billion from UK GDP, equivalent to 4 – 7 years of growth(Ranger et al., 2024). The study found that around half of the four trillion GBP of financial assets held by UK financial institutions are at least moderately dependent on ecosystem services, and around 10% highly or very highly dependent.

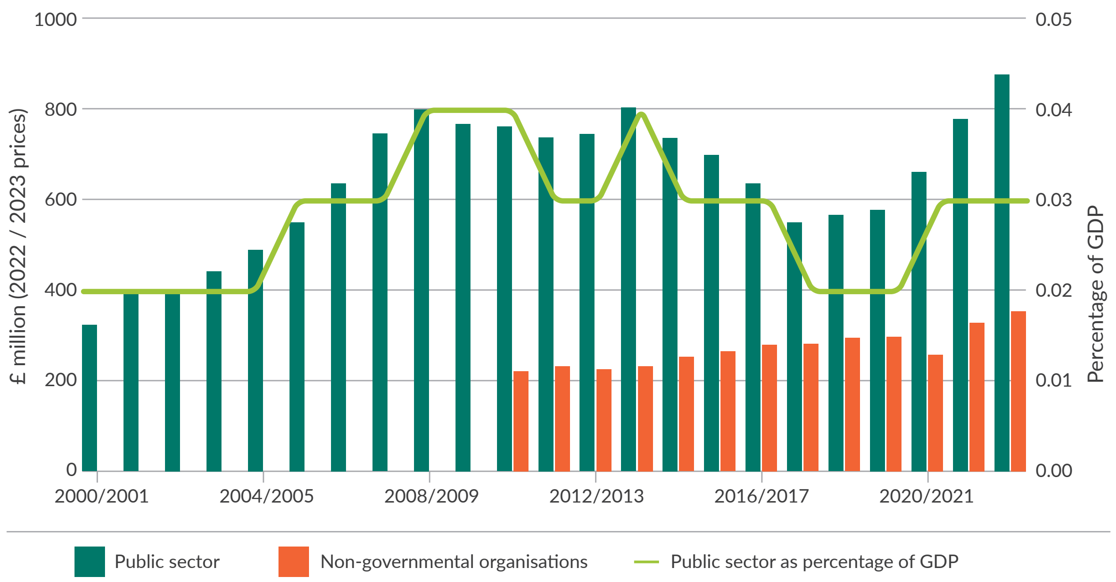
Against this, the finance gap to meet the UK's nature-related outcomes is estimated to be £56 billion a year (GFI et al., 2021). This constitutes investments in nature-based solutions or other interventions that directly contribute to nature-related outcomes set in public policies such as the 25 Year Environment Plan in England. At the same time, it is equally important to ensure that current public and private investment flows, into sectors like agri-foods, fisheries and forestry, real estate, utilities and infrastructure avoid damage to UK natural capital. Research by the University of Oxford with partners using the ENCORE tool estimated that around 35% of bank lending by UK banks is to economic activities associated with negative impacts on nature (globally), albeit no detailed impact analyses are yet available. Reducing the negative impacts of financial flows and boosting nature-positive investment will not only protect and restore nature and alleviate nature-related risks to the UK economy, but also contribute to UK prosperity through boosting jobs, competitiveness and growth. The business case for public and private investment in nature recovery is clear.

It is in this context that the UK Government made an unprecedented commitment to mobilise at least £500 million of private finance per year into nature recovery by 2027, increasing to more than £1 billion per year by 2030 (HM Government, 2023). The UK has long been regarded as a leader in green finance; ranking number one in the Global Green Finance Index. Nature was a key component of the UK's 2023 Green Finance Strategy (HM Government, 2023), including key commitments (targets, policies, financing) to support both 'Greening Finance' and 'Financing Green' (Annex 1). On public finance, the UK's 2024 report the UK's Green Financing Programme (i.e. public finance raised through the issuance of green gilts and green saving bonds) reported an allocation of £993 million (of £10.9 billion) on "Living and Natural Resources", including agri-environment schemes, the Nature for Climate Fund and the Defra Green Finance Scheme (HM Treasury et al., 2024). Since 2000/2001, overall public sector funding for UK biodiversity relative to gross domestic product (GDP) has fluctuated between 0.02% and 0.04%, including £876 million of public sector funding allocated to biodiversity in 2022/23 (JNCC, 2024).

1 The study benefitted from an advisory group, including HM Treasury, Defra and the Financial Conduct Authority and the overall project was led by the Green Finance Institute, with support from Defra and the NERC-funded Integrating Finance and Biodiversity Programme, as well as philanthropy (ECF and Esme).

The UK's National Biodiversity Strategy and Action Plan for 2030, published in 2025, reconfirmed the government's commitment to "meet the goals, targets and mission of the [Kunming-Montreal Global Biodiversity Framework] domestically".

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.



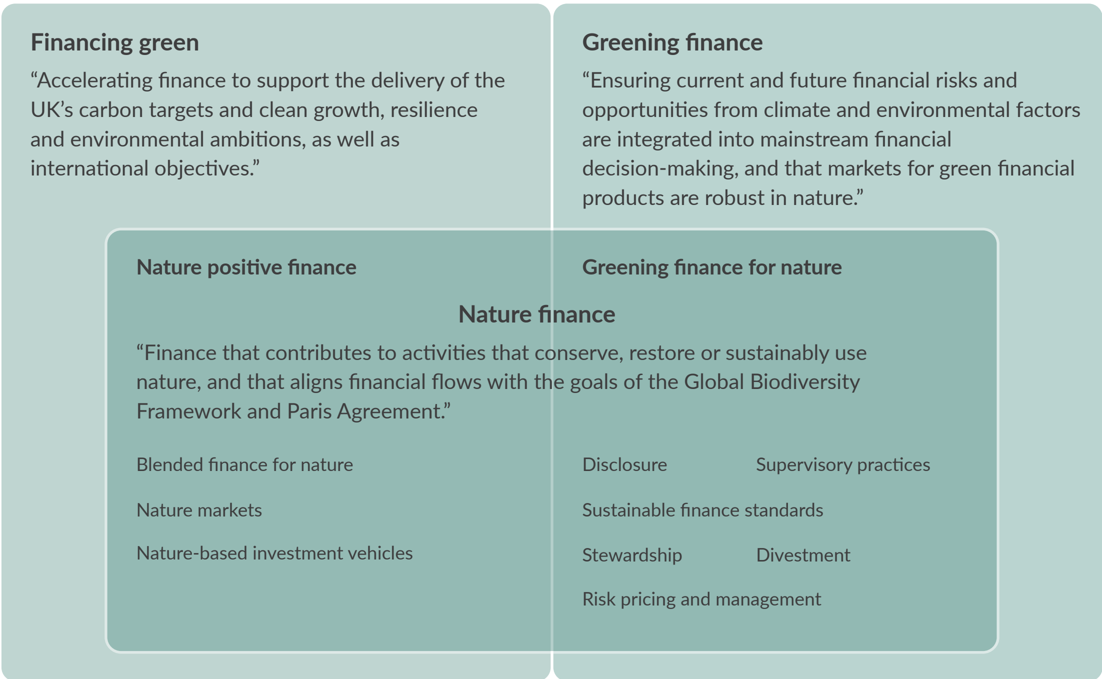
The goal of this report is to review the status of nature finance in the UK and lay out a conceptual framework for analysing the enabling environment for nature finance. Based upon this framework, we conduct a preliminary analysis for the UK and draw initial recommendations on opportunities to advance nature finance. The final part of the report focusses on blended finance for nature and discusses the opportunity for the UK.

2 Conceptual framework for nature finance

2.1 Defining nature finance

Several definitions of nature finance have been proposed. For example, building upon definitions proposed by the OECD and Convention on Biological Diversity, the Centre for Global Commons defined nature finance as "*finance that contributes to activities that conserve, restore or sustainably use nature, and that aligns financial flows with the goals of the Global Biodiversity Framework and Paris Agreement*" (Center for Global Commons, 2023). The World Bank defines nature finance as: "*finance contributing to the nature positive goal of halting and reversing nature loss and supporting the implementation of the Kunming-Montreal Global Biodiversity Framework (KMGBF) through one or more of the following activity groups: Restoration and conservation of biodiversity or ecosystem services; Reduction of the direct drivers of biodiversity or ecosystem services loss; Integration of nature-based solutions across economic sectors; and Design and implementation of policy, tools, or other sectoral instruments enabling the other categories*". The latter definition was adopted by UNEP FI and the Finance for Biodiversity Foundation (Finance for Biodiversity Foundation & UNEP FI, 2024).

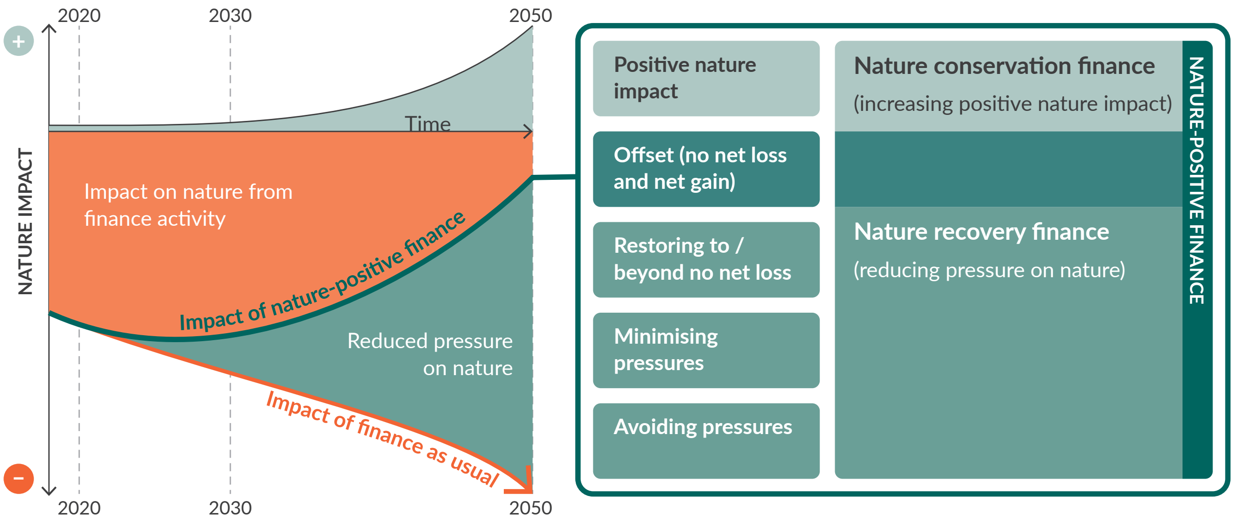
Figure 2: **Intersection of concepts: 'financing green', 'greening finance' and 'nature finance'. Source: authors (definitions taken from the UK 2019 Green Finance Strategy and Centre for Global Commons, 2024).**



Importantly, both definitions include aspects of both 'Greening Finance' and 'Financing Green' (Figure 2). For example, the World Bank further explains that "*Nature Finance captures the broad range of transformative actions that need to take place to achieve the nature positive goal, including: (i) delivering measurable positive gains for nature; and (ii) enabling a broader transition of economic activity away from harmful practices that are driving nature loss toward those aligned with the goal, by mainstreaming nature considerations into policies and investments*") (World Bank, 2024). This is consistent with the definitions laid out in the UK's 2019 Green Finance Strategy, which defines 'Financing Green' as "*accelerating finance to support the delivery of the UK's carbon targets and clean growth, resilience and environmental ambitions, as well as international objectives*" and 'Greening Finance' as "Ensuring current and future financial risks and opportunities from climate and environmental factors are integrated into mainstream financial decision making, and that markets for green financial products are robust". Both aspects are required to scale up nature finance in the UK.

Indeed, under the World Bank's definition, it goes a step further and defines two additional forms of nature finance: *Nature Positive Finance* is finance that is expected to deliver measurable positive outcomes for biodiversity or ecosystem services, relative to business-as-usual; and *Nature Mainstreaming Finance* is finance that is expected to enable a broader economic transition toward practices aligned with delivering the nature positive goal. This is also consistent with others, such as the Cambridge Institute for Sustainability Leadership (2024), which defines nature finance as well beyond 'nature conservation finance' and includes finance related to actions that offset, protect, restore, or minimise pressures on nature (Figure 3).

Figure 3: Nature finance beyond conservation finance. Source: CISL (2024) (Cambridge Institute for Sustainability Leadership et al., 2024).

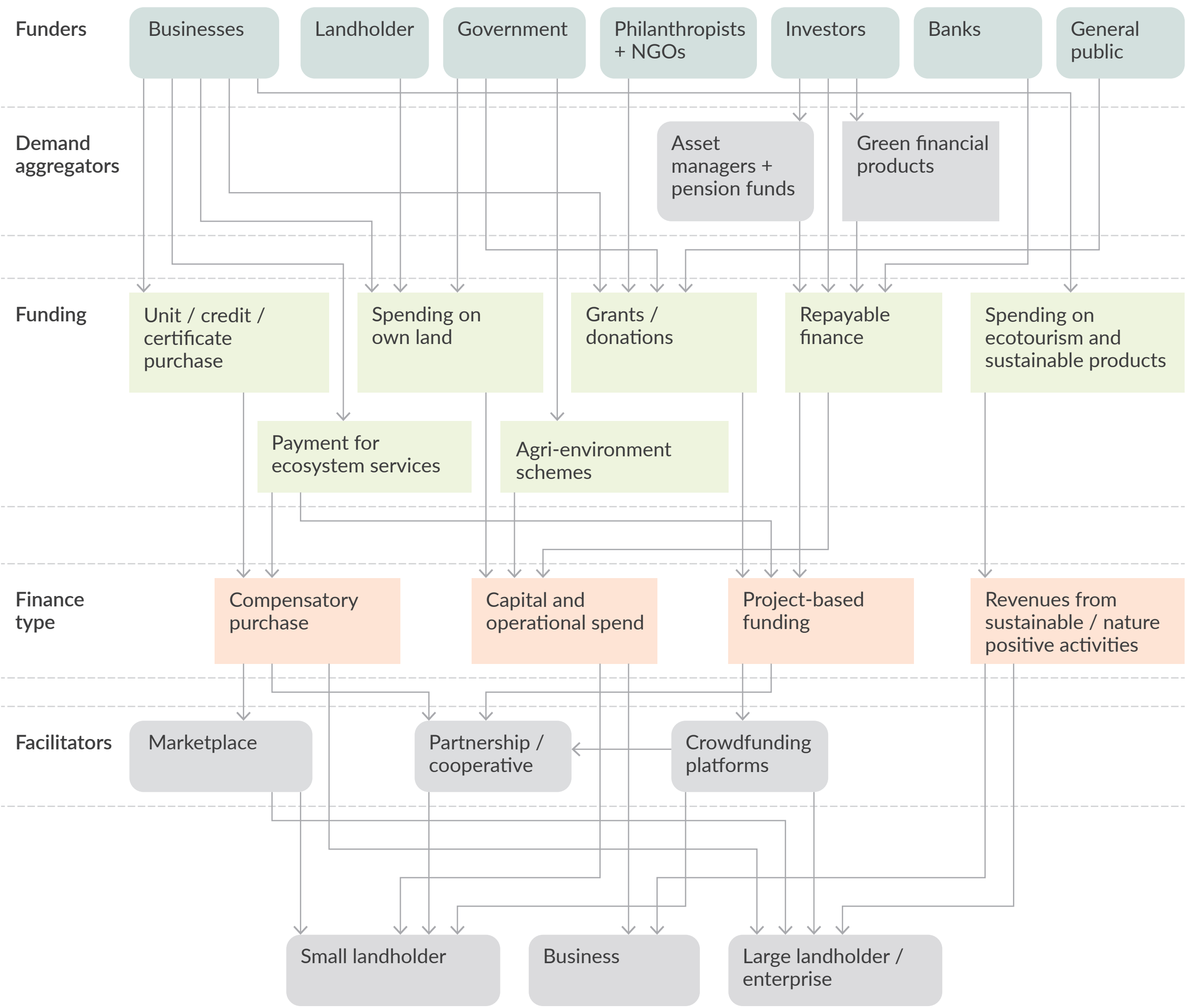


In this report, we remain consistent with those definitions above, though adopt the definition of nature finance from the Centre for Global Commons for simplicity. We also adopt the World Bank definition of 'Nature Positive Finance' to describe the 'financing green' aspect of nature finance and we refer to the 'greening finance' component as 'greening finance for nature'. Examples of these two types of nature finance activities are given in Figure 2. These are taken from the UK's 2019 Green Finance Strategy, which laid out the core conceptual frameworks for green finance for the UK.

2.2 Understanding the UK nature finance ecosystem

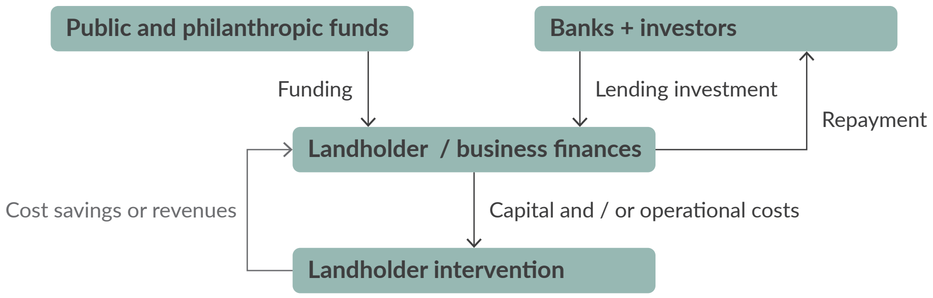
The UK nature finance landscape can appear dauntingly complex. However, most important to understand is *who is financing activities*, and *who is conducting the activities* that are either protecting or restoring nature, or doing the damage to be avoided. The latter will typically be landowners or businesses, including farmers, private landowners, utilities companies (particularly water companies) or the public sector (e.g. Ministry of Defence, Natural England, Forestry Commission, Local authorities) or third sector including charities such as the National Trust and the Woodland Trust. Around 75% of land in England is farmed, which makes farming and farm-land managers central to the Governments' environmental ambitions (Parliamentary Office of Science and Technology et al., 2021). Most of the land in most National Parks is thought to be privately owned (Shrubsole, 2021). Businesses extracting or impacting ecosystem services are also key, for example, water companies and farmers using the UK's water resources, or businesses involved in environmental pollution. These actors are shown at the bottom of our schematic in Figure 4.

Figure 4: Schematic illustration of the ecosystem of nature finance.



Who is financing nature-positive or negative activities? Ultimately, landowners, businesses, utilities, the public sector and third sector are also the funders of activities – even if by contributing their own time or resources – but in some cases they may be funded or financed[2] via multiple channels from a wider range of funders and financiers. These are shown at the top of the schematic in Figure 4. Traditionally, most nature-related activities have been funded by landowners and land-managers themselves, including farmers; in some cases, with additional support from public funds, through agri-environment schemes and habitat creation grants, and philanthropic sources, such as grants and donations. Where interventions were carried out by farmers or landowners, this may be supplemented by bank lending or investment (either to the whole farm/estate or for specific activities[3]). A flow diagram of this mode of funding is shown in Figure 5. Activities may also be funded through revenues generated either directly or indirectly from the nature-related activities. This could include charitable income through donations or memberships (e.g. Woodland Trust), ecotourism or other payments related leisure and recreation, or revenues from selling goods and services (timber from sustainable forestry businesses, or agricultural products from sustainably managed land). More novel sources of nature-related funding could come through market-based mechanisms, including offsets, such as carbon credits or biodiversity net gain payments in the UK. These revenues may be used to secure investments or lending from the private sector. At a larger landscape or aggregate scale, nature restoration activities may be supported by more sophisticated investment vehicles, which may be secured upon expected revenues.

Figure 5: Traditional pattern of nature finance in which landholders finance nature positive land use changes or interventions themselves with support through public (government) and philanthropic funding, such as grants and agri-environment schemes, loans from banks.



The public sector itself is also an important implementor and financier of nature restoration or protection activities. Internationally, it has been estimated that over 80% of nature positive finance is provided by the public sector. The largest public entity owning and managing land in the UK is the Forestry Commission (Forestry and Land Scotland, Forestry England and Natural Resources Wales) – with over 253,000 hectares (2022-23). It is also the largest provider of sustainably produced timber in England, selling over 1.2 million tonnes per year in 2024 (Forestry Commission, 2024).

2 For simplicity, 'funding' here refers to 'cash' e.g. grants or non-repayable subsidies, whereas 'finance' is used to refer to banking or investment products provided by third parties (e.g. loans, equity, bonds). The key difference with the latter being that it is paid back, typically with some interest or dividend.

3 In these cases, where the funding is repayable or conditional, the landholder or business carrying out the interventions is often liable for failure and may have to repay some or all the funding where they are found to be in breach of agreement.

The entire public sector – including the Ministry of Defence, local authorities, Network Rail and Highways England – is estimated to account for around 8.5% of land in England(Shrubsole, 2020). Tax revenues are therefore an important source of nature finance in the UK as in many countries. Public finance also provides financing of nature-positive activities on private lands, as well as activities such as pollution abatement and wastewater management.

Other smaller landowners include the National Trust (approximately 250,000 hectares of land in England, Wales, and Northern Ireland, of which 80% is managed as agricultural land), the Crown Estates and Church of England. Business landowners can include the water sector, property developers and other UK or foreign companies.

Those businesses that may be having a negative impact on nature, e.g. water companies involved in sewage dumping, farmers creating environmental pollution through insecticides, fertilisers or other unsustainable practices or polluting companies, may similarly be funded or financed through a complex web of private (and in some cases, public e.g. through subsidies) actors. Water companies in the UK are generally privately owned for example and may receive financing from banks and investors. Environment Agency reports have concluded that the environmental performance of UK water companies has in many cases declined in recent years (Environment Agency, 2022). Large multinational companies producing large quantities of plastics and packaging pollution, e.g. of UK coasts and waterways, are typically similarly financed through large financial institutions.

The dialogue on nature finance often focusses on the problem of how to create revenues for nature-positive activities to enable investment, naturally steering the discussion toward market-based mechanisms or government subsidies (including blended finance). However, the landscape analysis above demonstrates that the issues are more nuanced. Firstly, in many cases, there are revenues already being generated through nature-based activities, e.g. through agricultural or forestry products, so the lack of revenues from projects is only the case for one category of projects (e.g. conservation, nature-based flood management projects) and less the case for important areas such as sustainable agriculture, fisheries and forests. Secondly mobilising private nature finance isn't all about public funds, but rather a strategic mix of policies, regulation, information, non-financial incentives and potential market-based mechanisms that builds the enabling environment to grow demand for and supply of finance. It also illustrates that different interventions are required at different levels. This includes 'top-down' interventions that build demand for nature projects and inform decisions amongst the financiers, through setting clear policy goals and investment roadmaps, greater transparency, labelling as well as setting clear standards, versus 'bottom-up' interventions that provide incentives or funding for farmers in the form of subsidies or market-based mechanisms. A framework for understanding the different aspects of the 'enabling environment' is described in Section 6. The following section first synthesises and assesses information available on the size of nature finance flows in the UK.

3 Nature-positive finance

Multiple studies have attempted to quantify the scale of nature positive financial flows globally, with the latest estimate indicating approximately US$200 billion per year(UNEP, 2023). Such nature finance flows can be broadly divided into nine categories, summarised in Table 1, building off Duetz et al. 2020, OECD 2020 and UNEP 2023. The following sections then synthesise information to build a picture of the size of the flows.

Table 1: Categories of finance flows based on those given in three influential reports on global nature finance: Financing Nature (Deutz et al., 2020); A comprehensive Overview of Global Biodiversity Finance (OECD, 2020); and The State of Finance for Nature (UNEP, 2023). Note that (*) due to the privatisation of the water industry in the UK, this flow would primarily be private finance as opposed to government spending in the UK context; and (**) BNG means that in the UK, biodiversity offsetting largely falls into the 'capital and operational spend' and 'markets and nature-based solutions' categories.

Category	Components (wording as given in each source source)
Public Investment, Grants and Subsidies	Domestic budgets (Deutz et al., 2020); economic instruments (OECD, 2020); protection of biodiversity and landscapes (UNEP, 2023); sustainable agriculture, forestry and fishing (UNEP, 2023); water resources and wastewater management* (UNEP, 2023); pollution abatement (UNEP, 2023); environmental policy (UNEP, 2023)
Nature and Carbon Markets	Carbon markets (Deutz et al., 2020; UNEP, 2023); forest and land use carbon finance (OECD, 2020); water quality trading (OECD, 2020)
Offsets**	Biodiversity offsets (Deutz et al., 2020; OECD, 2020); biodiversity credits (UNEP, 2023), water quality offsets (OECD, 2020)
Payment for Ecosystem Services	Payments for ecosystem services (OECD, 2020; UNEP, 2023)
Sustainable commodities & supply chains	Sustainable supply chains (Deutz et al., 2020; UNEP, 2023); sustainable commodities (OECD, 2020)
Debt, Equity, Guarantees	Green financial products (Deutz et al., 2020); impact investing (OECD, 2020; UNEP, 2023); green bonds (OECD, 2020); blended finance (OECD, 2020); de-risking (guarantees, insurance)
Philanthropic	Philanthropy and conservation NGOs (Deutz et al., 2020); conservation NGOs (OECD, 2020); philanthropic foundations (OECD, 2020); philanthropy, NGO, and other (UNEP, 2023)
Insurance	OECD (2020)
Private Investment	Landowner and farmer's investments (UNEP, 2023)

3.1 Public investment, grants and subsidies

In all analyses of nature finance flows (global (Deutz et al., 2020; OECD, 2020; UNEP, 2023) and UK (JNCC, 2024)), public (Government) funds remain the most significant source of nature positive finance. The JNCC estimates around £876 millions of public sector funding allocated to biodiversity in the UK in 2022/23 (JNCC, 2024). Most of this flows through agri-environment (subsidy) schemes (Table 2).

Table 2: Funding flowing through agri-environment subsidy schemes . Note that these figures represent totals across all actions, meaning this will be an overestimation of the nature finance flowing through these schemes, the JNCC consider 70% of funding made available through agri-environment schemes to be of benefit to biodiversity (JNCC, 2024).

Country	Scheme	Annual money flowing (£m)	Year of latest information	Detail available
England[4]	Live existing agreements (Higher Level Stewardship + Countryside Stewardship)	900 (1,800 budget over two years) (Defra, 2025)	24/25 and 25/26	Poor
	Sustainable Farming Incentive	525 (1,050 budget over two years) (Defra, 2025)	24/25 and 25/26	Good for 2024 (NAO report), otherwise poor
	Landscape Recovery	25 (Burford, 2023)	23/24 (did not run 24/25)	Good
Northern Ireland	Environmental Farming Scheme	9.4 (DAERA, 2024a)	2024	Poor
Scotland	Agri-environment Climate Scheme	30-40 (NatureScot, 2024a)	2023	Poor
Wales	Growing for the Environment	1.5 (Welsh Government, 2024)	2025	Poor
	Habitat Wales	16.1 (Welsh Parliament, 2024)	2023/24	Poor
	Legacy agreements (Glastir)	73 (Defra, 2024)	2023 (now closed)	Poor

4 Three of the schemes listed – Countrywide Stewardship, Sustainable Farming Incentive and Landscape Recovery – together make up ELMs

Box 1: Not all agri-environment funding is nature finance

Out of the Sustainable Farming Incentive 2023 agreements in place as of April 2024, over a quarter of the funding (£74 million) was paid for establishing and maintaining herbal leys, for which farmers are paid £382 per hectare per year (National Audit Office, 2024). This intervention aims to improve soil quality and livestock health through the introduction of temporary grasslands made up of herb, grass, and nitrogen-fixing legume species (Defra & Rural Payments Agency, 2025b). The high payments per hectare and option of converting permanent grassland led to some cases resulting in negative biodiversity outcomes (Pasture for Life et al., 2024), including the conversion of 1.5% of priority habitat species-rich grassland area to herbal ley (Vaughan, 2025). Defra have taken steps to address this issue by introducing new payments for maintaining biodiverse grasslands (Vaughan, 2025), amongst other things (Defra & Rural Payments Agency, 2025a). However, payments for non-conservation outcomes remain, meaning not all agri-environment scheme funding can be considered to be nature finance.

In addition to agri-environment subsidy schemes, a substantial amount of public funds come through grants linked with dedicated nature funds, with England, Scotland, and Northern Ireland all announcing large funds for nature (Table 3).

Table 3: National nature funds in the UK.

Country	Large-scale fund	Total amount (£m)
England	Nature for Climate Fund	640 (500 for trees) (Defra, 2021)
Scotland	Nature Restoration Fund (NRF)	55 (NatureScot, 2025)
Northern Ireland	Environment Fund 2023-2028	100 (Foster, 2023)

Habitat creation grants tend to focus on woodland/forestry (Table 4) and peatland (Table 5). This funding is either (a) public finance blended with partner funding, whereby interventions are delivered by select, generally large organisations working in partnership with government agencies (Peatland ACTION, 2024) or (b) smaller grants (Forest Research, 2024). Note that much of this funding overlaps with the large, general funds in Table 3, thus should not be summed.

Table 4: Woodland/forestry grant money paid in 2023/24 in the UK from Forestry Statistics 2024 (Forest Research, 2024)

Country	Annual money flowing (£m)	Year of latest information	Detail available
England	42.6	2023/24	Poor
Wales	5.3	2023/24	Poor
Scotland	59.9	2023/24	Poor
Northern Ireland	2.8	2023/24	Poor
Total	**110.6**		

Table 5: Finance flowing through government peatland creation grants in the UK.

Country	Scheme	Annual money flowing (£m)	Year of latest information	Detail available
England	Nature for Climate Fund – Peatland Grant Scheme (closed, required 25% private finance)	~12.5 (50 from 2021-2025) (Eastabrook et al., 2023)	2021-2025	moderate
Northern Ireland	Peatland challenge fund 2024-2027 (closed)	0.7 (2.7 from 2024-2027) (DAERA, 2024b)	2024-2027	poor
Scotland	Scottish Government Peatland Programme (Peatland ACTION)	21.8 (Environment and Forestry Directorate, 2023)	2022/23	moderate/ good
Wales	National Peatland Action Programme (closed)	0.8 (Natural Resources Wales, 2024)	2023/24	moderate/ good

Blended finance mechanisms have also been used to encourage investment in nature projects. The intention that with this upfront public capital, projects can attract additional private finance to become self-sustaining. A summary of these is shown in Table 6.

Table 6: Government blended finance grants.

Country	Scheme	Annual money flowing (£m)	Year of latest information	Detail available
England	Natural Environment Investment Readiness Fund (closed)	up to 14 (Green Finance Institute, 2024a)	2023-2024	Moderate
Scotland	Facility for Investment Ready Nature in Scotland (FIRNS)	4.8 (NatureScot, 2024b)	2023-2024	Moderate
Northern Ireland	Nature Recovery Challenge Fund Competition 2025/26 – 2027/28	unknown		None
UK	UK Nature Accelerator (administrated by UK Nature Impact Fund)	unknown		None

3.2 Markets, offsets and payment for ecosystem services

Biodiversity markets have been publicly considered by the Government as a source of funding for nature for almost 20 years (Stuart et al., 2024). Regulations, such as mandatory BNG, are the currently primary driver of investment in nature markets in the UK, with the proliferating standards also playing a role (Table 7). Voluntary carbon markets also play a role.

Table 7: Existing nature markets and the money flowing through them. BNG annual money flow (*) calculated using the extrapolated national off-site demand from #BNG500's report (BNG500, 2025) (7,700 BU) and an average unit price of £25,000, not that this is higher than the flows indicated by preliminary work on the BNG off-site register. Wilder Carbon annual money flow (**) represents a minimum estimate, assuming the total number of EIU's sold (10,517 EIU) have sold evenly since first live project in 2022 (Brownlie, 2022) at the reported minimum price of £75 (Wilder Carbon et al., 2024).

Structure	Market	'Product'	Annual money flowing (£m)	Year of latest info	Detail available
Compliance	Off-site BNG	Biodiversity	192.5 (estimate*)	2025	Poor/ moderate
	Nutrient Neutrality	Nutrient reduction	unknown		None
Voluntary (independently verified)	Woodland carbon code	Carbon	3.8 (UK Woodland Carbon Code, 2024)	2023	poor
	Peatland carbon code	Carbon	0.3 (UK Woodland Carbon Code, 2024)	2022	poor
	Wilder carbon standard	Carbon	0.26 (minimum**)	2022-2025	Moderate/ Good
Voluntary (not independently verified)	Other voluntary biodiversity	Biodiversity	unknown (likely small)		None
	Other voluntary carbon	Carbon	unknown (likely small)		None

Businesses also fund nature restoration projects in return for ecosystem services. This is referred to as payment for ecosystem services (PES).[5] There are numerous private and locally operated PES schemes operating in the UK and these have been supported by Defra through pilots and best practice guidance(Defra, 2013). An example of this is the funding of water treatment wetland projects by the water industry(Catchment Based Approach, 2018). There is very little collated information available on the size of these flows.

5 Carbon and biodiversity markets and agri-environment schemes can be regarded as PES

3.3 Philanthropic funding

Philanthropic funding is one of the traditional funding sources for nature finance and can either flow through NGOs or in the form of direct grants to smaller organisations. The JNCC estimated spending on biodiversity in the UK by 41 non-governmental organisations (NGOs) with a focus on biodiversity and/or nature conservation to have been £353 million in 2022/23 (JNCC, 2024). Estimations based on the data behind the Environmental Funders Network's report "Where the Green Grants Went" (Cracknell et al., 2024) put nature finance flows through philanthropic grants in the UK at £55.7 million (Table 8) (this includes grants made out to NGOs, so values cannot be summed).

Table 8: Estimate of nature finance grants made by philanthropic funds in 21/22. Calculated using the data underlying the Where the Green Grants Went 9 report by the Environmental Funders Network (Cracknell et al., 2024). To estimate the amount of grant funding that constituted green finance, the proportion of grants with descriptions that had the words "zoo" or "garden" in the grantee name, or the words "garden", "community", "heritage", "young", "children", "wellbeing", or "well-being" in the grant description was calculated and this proportion was subtracted from the total grant expenditure for each funding theme.

Theme	Annual money flowing (£m)	Year of latest information	Detail available
Biodiversity & species preservation	19.5	21/22	Good
Coastal & marine ecosystems	6.1	21/22	Good
Freshwater	6.2	21/22	Good
Terrestrial ecosystems & land use	23.4	21/22	Good
Toxics & pollution	0.5	21/22	Good
Total	**55.7**		

3.4 Private investment, including water companies

Many organisations have nature finance flows as part of their day-to-day operations, whether it be farmers choosing to invest in more environmentally sensitive practices or large landowning organisations choosing to change how they manage grass on their sites. The financial flows associated with this difficult to estimate, however, it is likely to be a significant contribution to nature finance flows in the UK.

Water companies also make significant investments in nature. The water industry in England and Wales is subject to an unusual regulatory structure in which business plans are created on a five-year cycle and assessed by Ofwat through price reviews (Ofwat, 2024). Within reviews, Ofwat set out performance commitments and determine the maximum cost that can be passed onto the customer through water bills. Many performance commitments have outcome delivery incentives, which are generally financial, in which water companies receive payments or penalties based on their performance relative to the targets set.

Many of the targets set during price reviews are related to the Water Industry National Environment Programme (WINEP), a large regulatory framework outlining water companies' environmental obligations and setting out how they will contribute to delivering the wider national objectives for the natural environment as set out in the River Basin Management Plans (RBMPs) and other statutory plans (Environment Agency, 2025). It results in one of the largest known financial flows for nature, driving investments of £22.1bn of asset improvements, investigations, monitoring, and catchment interventions between 2025 and 2030 (Law, 2025) Although much of this is capital and operational spending, water companies also work with NGOs and local landowners to reduce nutrients and invasive non-native species, amongst other things, through schemes such as South West Water's "Upstream Thinking" (South West Water, 2024) and Anglian Water's "Get River Positive" (Anglian Water Services, 2023).

3.5 Debt, equity and guarantees: impact investing and sustainable finance

No data exists on all financial flows from banks, insurers and investors relevant to nature, but the flows can be expected to be large. For example, Defra in 2023 estimated that total bank lending to the agricultural sector accounted for 70% of the total agricultural liabilities, which totalled £21 billion.[6] UK real estate investment volumes stood at about £54bn in 2024 (Siebrits et al., 2025). Without access to detailed data, it is impossible to assess to what extent this is having positive or negative impacts on UK natural capital, though analyses by Ranger et al. 2024 suggested around 35% of bank lending in the UK could be associated with activities that have negative impacts on nature (globally).

Figure 6: Group of Financial Institutions for Nature (G-FIN) members(Green Finance Institute, 2024b).

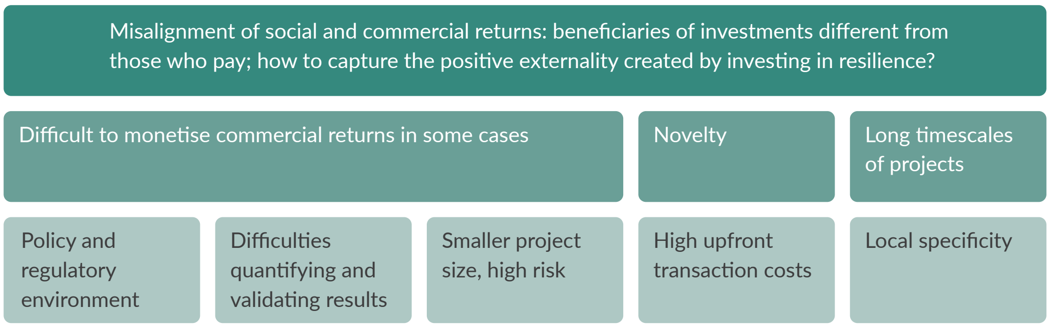
6 Department for Environment Food and Rural Affairs. Total income from farming in the UK in 2022.

Conversely, investors and banks are increasingly interested in nature finance, both to manage risks and to seek opportunities. This interest is exemplified by the development of groups of financial institutions interested in nature finance, such as the UK Group of Financial Institutions for Nature (Figure 6), which is open to any financial institution engaged in UK nature finance(Green Finance Institute, 2024b). Emerging studies are beginning to show growing appetite for nature finance, for example in the form of sustainability-linked finance (Resendiz et al., forthcoming).

There are well known barriers to private nature finance. Nature finance investments often deliver lower returns than those accepted by conventional investment funds. For example, studies have estimated that biodiversity investments have a mean target internal rate of return of 14.7% (blended finance deals subject to derisking had a mean of 11.9%) (Flammer et al., 2023), and most biodiversity projects do not achieve these high levels of profitability (zu Ermgassen et al., 2025). Nature investments are also considered by many to be too high risk, with uncertain payouts and long-time horizons (van Raalte & Ranger, 2023) (Figure 7). However, the lower returns and longer investment timeframe may be suitable for certain investment types, such as pension funds or life insurance companies, with Pensions for Purpose finding that interviewed funds expected returns from 5-8%, with some downwards flexibility if the assets can offset their own carbon emissions (Pensions for Purpose & Gresham House, 2023). The Environment Agency Pension Fund is an example of a pensions fund actively investing in nature (Environment Agency Pension Fund, 2024), albeit nature remains a small part of the investment universe of pensions funds. Multiple specialist investment managers focus on nature-based investments (e.g. van Raalte and Ranger, 2023) and play an important role in structuring and aggregating projects to scales that are investible by larger financial institutions and meet their appetite. The role of blended finance in this area in discussed in Section 5.

Private financial institutions have also engaged in providing philanthropic support. For example, Aviva partnered with WWF to provide £38 million funding to support the restoration of British rainforests in 2024 (Aviva, 2023), and have previously funded projects across the UK, Ireland and Canada related to nature protection and nature-based flood schemes (Aviva, 2025). Lloyds Banking Group is a founding business partner of Projects for Nature, a platform that connects corporate donations with nature recovery projects, announced by the Secretary of State for Environment, Food and Rural Affairs in December 2023(Lloyds Banking Group, 2014). Projects for Nature(Projects for Nature, 2025) is investigating the potential of crowd-funding schemes in harnessing private finance for nature. To date, it has raised over £700,000 in funding primarily from Scottish and Southern Electricity Networks (SSEN), and Lloyds Banking Group, and GSK (Projects for Nature, 2025).

Figure 7: Barriers to private nature investment. Van Raalte and Ranger 2023



Where nature investment opportunities are made available by asset managers and through the creation of green financial products, they can act as demand aggregators, channelling funding from smaller investors who might otherwise not have access to nature markets. There is little publicly available detailed information on the extent of nature finance flowing through green financial products and impact investing in the UK. A 2024 report by the Impact Investing Institute (Impact Investing Institute, 2024) estimated the UK impact investing market has £76.8 billion in assets under management (AUM) across all ESG investments. If the data captured in their survey (primarily UK managed companies) is representative of the UK sector, only 34% (£26.1 billion) of this is allocated domestically, and only 3% allocated towards sustainable development goals 15 (life on land) and 16 (life below water), giving an estimate of nature finance AUM (not flows) of around £783 million.

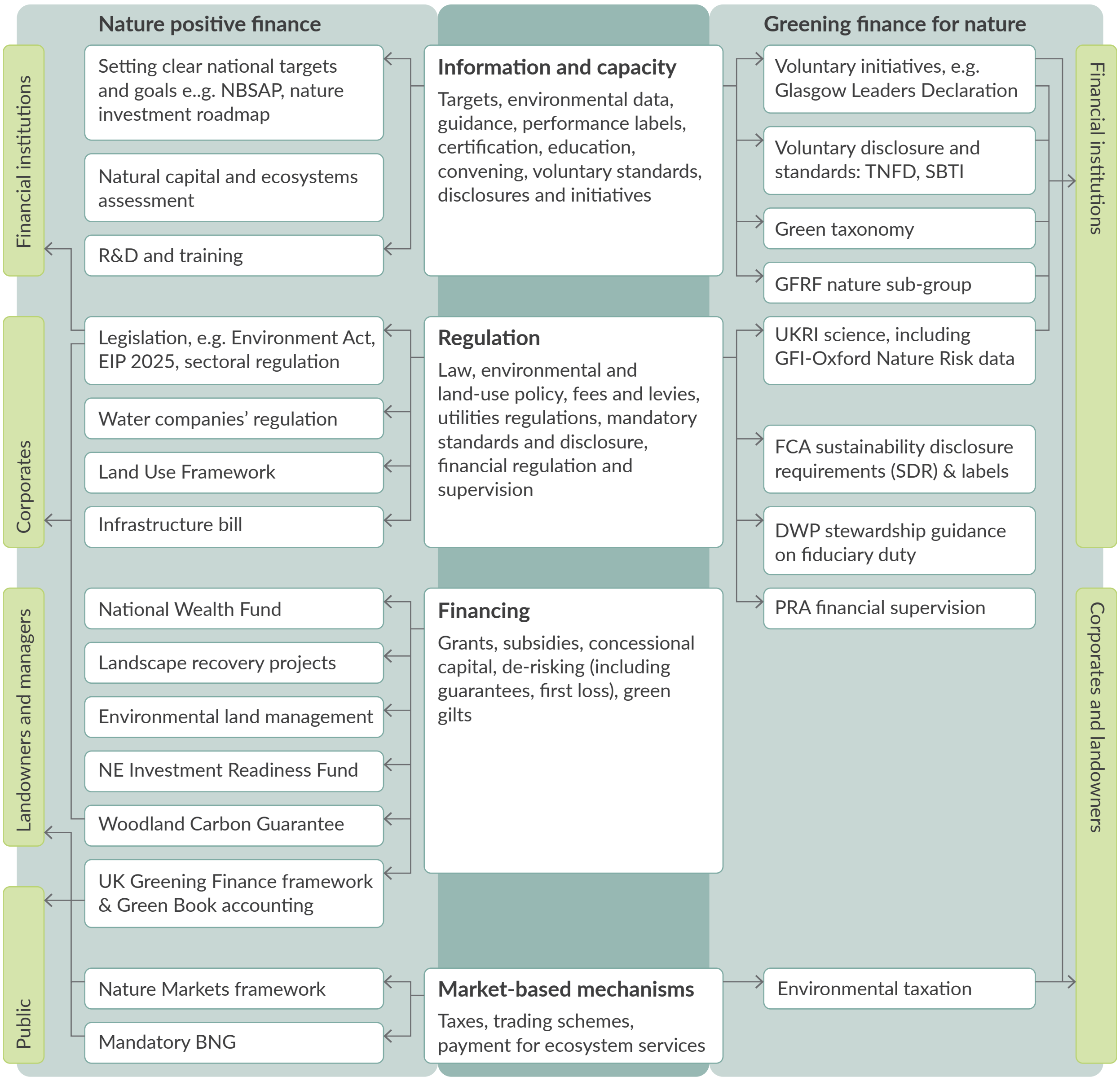
4 UK enabling environment for nature finance

4.1 A proposed framework for policy analysis

One goal of this report is to inform policy. Specifically, to help government in identifying gaps where there is a rationale for public intervention and to maximise the impact of scarce public funds by helping to pinpoint where public investment – including through blended finance – could deliver the maximum benefit for UK goals. Figure 8 outlines the proposed high-level framework for analysing nature finance interventions, including four pillars: information and capacity; regulation; financing; and market-based mechanisms. On the left and right of the figure are examples of policies and other interventions in place or under discussion to date. Importantly, not all policies that influence nature finance are directly related to finance or involve financing. For example, setting clear goals and commitments, such as the commitment to the Kunming-Montreal Global Biodiversity Framework can guide finance to align with policy goals. Regulatory frameworks such as the Environment Act place requirements on public bodies and companies that create demand for nature finance (similarly for environmental taxation).

The following sections will use this framework to review the landscape of policies that influence finance. In general, interventions related to nature positive finance target corporates, landowners and managers and public bodies, whereas interventions related to greening finance target financial institutions. But not exclusively. For example, disclosure standards are applied to corporations. And some forms of environmental legislation can directly impact financial institutions through compliance requirements. In Annex 1, the 2023 Green Finance Strategy commitments and the additional commitments of the 2025 National Biodiversity Strategy and Action Plan are categorised against this framework. Some clear gaps emerge from this analysis, for example, nature is not explicitly included within UK financial supervisory frameworks. The UK's policies also currently include few financial incentives for financial institutions to provide nature positive finance. It should be noted that interventions by non-government actors against these four pillars (not assessed here) can also have a significant impact on financial flows. This includes voluntary standards and disclosure initiatives such as SBTI, TNFD and CDP and the green bond standards guidance provided by entities such as the Climate Bonds Initiative. Cross jurisdictional frameworks can also have a major impact on UK nature finance given that many UK firms are global, for example, the International Sustainability Standards Board (ISSB) and the EU's sustainable finance regulations.

Figure 8: Enabling Environment for UK Nature Finance – framework for policy analysis, including four proposed pillars of policy responses in the centre and examples of these policies for nature positive finance (left hand side) and greening finance for nature (right hand side).



4.2 Policy, legislation and regulation

Many domestic policies drive or impact nature finance flows in the UK, either through creating demand for nature finance, creating supply (e.g. by establishing markets or financing vehicles such as the UK Infrastructure Bank) or through indirectly aligning finance with biodiversity goals (e.g. through compliance requirements or regulation of real economy firms). Key policies are shown in Table 9 (separately from financial regulation affecting financial firms, in Section 4.3). This is not a comprehensive list; other environmental legislation is also important. Also relevant, but not directly linked to nature, are climate-related policies such as the Climate Change Act 2008.

Of particular importance are agricultural policies, as agri-environment schemes remain one of the most substantial sources of nature finance in the UK. Other drivers include environmental policies, which set environmental targets and duties; setting compensation requirements surrounding infrastructure and other development; and water, which regulate the water industry. Previous work has demonstrated a long set of institutional preconditions for using policies such as the creation of mandatory compensation markets for upscaling private investment in nature (zu Ermgassen et al., 2025). Policies are essential for creating demand for the services generated by conservation (in England, this is primarily through the creation of biodiversity units for sale into the national Biodiversity Net Gain market). Government policy mediates the amount of finance flowing into such solutions, by for example, setting the amount of biodiversity gain required for each development to be compliant with policy, or by choosing how much of their biodiversity liabilities developments are allowed to meet through on-site compensation measures which therefore bypass their need to purchase biodiversity units delivered through nature conservation activities via the off-site biodiversity credit market (Rampling et al., 2023). The amount of certainty that investors have that a given biodiversity market will continue to exist into the future is also a major mediator of private up-front investment to generate biodiversity units to satisfy future demand (zu Ermgassen et al., 2025). A full analysis of the potential impacts of these policies and gaps is beyond the scope of this report, albeit we note that a deep literature is available to inform policy.

Table 9: Domestic policies influencing nature finance in the UK (non-financial).

Policy	Topic	Country	Impact
Agriculture Act 2020 and Agricultural Transition Plan	Agriculture	England	Allows Ministers to develop new farm support approaches in England, including for managing land or water in a way that protects or improves the environment, phasing out direct payments.
Agriculture and Rural Communities (Scotland) Act 2024	Agriculture	Scotland	Allows Scottish Government to provide assistance to farming and rural communities, including to monitor, preserve, protect, improve and restore biodiversity and compensate for costs and lost income due to environ. improvement measures.
Agriculture (Wales) Act 2023	Agriculture	Wales	Allows Welsh Ministers to provide support to farmers, including for habitat creation, the maintenance and enhancement of ecosystem resilience, and other purposes related to nature conservation. Also establishes sustainable land management objectives and places duty on Welsh Ministers to act in the way they consider best contributes to achieving them.
Environment Act 2021 and Environmental Improvement Plan	Environ.	England	Set legally binding targets to improve environment in England, drove development of an Environmental Improvement Plan in England (required) and Northern Ireland, driving public investment in nature and setting the context for aims to increase private finance.

Policy	Topic	Country	Impact
Natural Environment and Rural Communities Act 2006	Environ.	UK-wide	Set duty for public authorities to have regard to the purpose of conserving biodiversity
Environmental Targets (Public Authorities) Bill [HL]	Environ.	UK-wide (England focus)	Private Members Bill from the House of Lords proposing a legal duty for public authorities to take reasonable steps towards contributing towards targets set within the Environment Act 2021 and Climate Change Act 2008, impacting public spending. Currently awaiting committee stage.
National Biodiversity Strategy and Action Plan (NBSAP)	Environ.	UK-wide (international commitment)	Targets to for businesses to assess, disclose, and reduce biodiversity-related risks and negative impacts (target 15); reduce harmful incentives, including phasing out direct payments for farmers, and increase positive incentives for biodiversity (target 18); and mobilise private and blended finance (target 19)
UK Infrastructure Bank Act 2023	Financial/ infrastructure	UK-wide	Includes nature-based solutions within the definition of infrastructure, allowing investment by the UK Infrastructure Bank. Now part of the National Wealth Fund, which has a greater focus on natural capital, with new legislation (National Wealth Fund Bill) expected his year.
Biodiversity Net Gain (BNG) (stems from Environment Act 2021)	Infrastructure	England	Requires many developments to demonstrate a 10% net increase in biodiversity units, driving business capital and operational spending on nature and creating BNG offsite market.
Nutrient Neutrality (stems from Conservation of Habitats and Species Regulations 2017)	Infrastructure	England	Requires local planning authorities ensure new development does not adversely impact the integrity of protected habitats, with the effect that developments within impacted catchments to put in nutrient mitigation measures and buy nutrient credits.
Planning and Infrastructure Bill (Bill 196 2024-25)	Infrastructure	England	Proposes nature restoration fund (NRF), allowing developers to meet certain environmental obligations through payments through the nature restoration levy. This may increase public funds available for nature restoration, but there are concerns funds may not be ringfenced and the NRF will not make up for decreased spending through BNG and other mitigation measures.
River basin management plans and WINEP	Water	England/ Wales	Aim to enhance nature and the natural water assets through setting legally binding locally specific environmental objectives that underpin water regulation, driving investment in nature from water companies.

4.3 Financial and corporate regulation

Table 10 summarises key sustainable finance-related policies and regulation impacting UK financial firms and, in some cases, listed corporates (e.g. Companies Regulation, CSRD and CSDDD). This includes selected EU policies, given that they also have a substantial impact on UK nature finance flows (EU sustainable finance policies are estimated to affect around 90% of UK listed companies given their operations in the EU). This list does not include wider financial policies and regulation that do influence nature finance, but do not explicitly mention nature, such as the Companies Act 2006. Annex 1 includes a summary of commitments of the 2023 Green Finance Strategy.

Table 10: Financial policies and regulation affecting nature finance in the UK

Policy	Topic	Country	Impact
Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (Financial Conduct Authority TCFD Reporting)_	Sustainability Disclosure	UK	These regulations amend sections 414C, 414CA, and 414CB of the Companies Act 2006, requiring certain publicly quoted companies and large private companies to include TCFD-aligned climate disclosures in their annual reports. The regulations also apply to limited liability partnerships (LLPs) with more than 500 employees and a turnover exceeding £500 million.
Financial Services and Markets Act (2023)	Financial	UK-wide	The FSM Act establishes the framework for how the UK's large financial services industry will be regulated for the foreseeable future. Requires financial regulators in the UK to give "due regard" to nature and contribute towards Environment Act targets where they consider relevant.
EU Deforestation-free Regulation (EU DR)	Due Diligence	EU	The EUDR covers seven key commodities (cocoa, coffee, palm oil, soy, beef, rubber, and wood) and products derived from them. The EUDR applies to all UK companies wishing to import or export in-scope commodities from the EU, regardless of legal form or entity size, and includes traders supplying such products in the supply chain. UK companies must conduct due diligence checks to ensure their products are deforestation-free, meaning they haven't been sourced from land deforested or degraded after December 31, 2020
Sustainability Disclosure Requirements (SDR) Framework	Sustainability Disclosure	UK-wide	Introduced anti-greenwashing rule for all FCA-authorised firms, requiring that the use of sustainability-related terms and labels in the naming and marketing of investment products is accurate.

Policy	Topic	Country	Impact
UK Sustainability Reporting Standards (UK SRS) (expected 2025, part of SDR framework)	Sustainability Disclosure	UK-wide	The UK government laid plans to establish a framework to assess the suitability of IFRS S1 and IFRS S2 for endorsement in the UK. If this assessment process concludes with an affirmative endorsement decision in 2025, it would result in the creation of the first two UK Sustainability Reporting Standards (SRS), which would be based upon IFRS S1 and IFRS S2. Financial Conduct Authority (FCA) will be able to use UK SRS to introduce requirements for UK-listed companies to report sustainability-related information to their investors, subject to a consultation process.
UK Bank of England Mandate Letter from HM Treasury	Financial Stability	UK	Sets a mandate for the Bank of England to consider nature within its approach to financial stability
EU Corporate Sustainability Reporting Directive (CSRD)	Sustainability Disclosure	EU	The CSRD sets sustainability reporting rules for large companies. EU CSRD explicitly states that eligible entities must disclose information as established in the European Sustainability Reporting Standards (ESRS), including on water and marine resources, resource use and the circular economy, pollution and biodiversity and ecosystems.
Sustainable Finance Disclosure Regulation (SFDR)	Sustainability Disclosure	EU	The SFRD requires financial institutions and advisors to disclose the environmental risks and impacts of their portfolios. When selling financial products, these are labelled according to their alignment with the taxonomy
EU Taxonomy	Sustainability Disclosure	EU	The EU taxonomy is a cornerstone of the EU's sustainable finance framework. It helps direct investments to the economic activities most needed for the transition, in line with the European Green Deal objectives. The taxonomy is a classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 and the broader environmental goals other than climate.
UK Green Taxonomy	Sustainability Disclosure	UK	Analogous to EU Taxonomy. Currently under consultation.
Corporate Sustainability Due Diligence Directive (CSDDD)	Due Diligence	EU	The Corporate Sustainability Due Diligence Directive (CSDDD) requires companies to identify, prevent, and mitigate adverse human rights and environmental impacts within their operations and across their value chains.

While a full assessment of the current financial regulatory framework is beyond the scope of this report, previous research by the University of Oxford with the Green Finance Institute and partners has considered recommendations for greening finance for nature. Much of green financial regulation is framed around risk.

In this context, Ranger et al. (2024) provided clear evidence on the financial materiality of nature-related risks for the UK. Based upon this evidence and other studies, the study concluded that there is a clear case for action by Central Banks and supervisors, regulators and governments to assess if and where these nature-related risks may ‘fall through the cracks’ of current supervisory, regulatory and policy frameworks and where this would necessitate actions. Based on such an assessment, actions may include:

- Advancing disclosures of nature-related risks and impacts in the UK. The high exposure of UK firms to nature-related risks shown in the analysis coupled with other studies that demonstrate the information asymmetries that are holding back risk management (e.g. GARP 2024, TNFD 2023) suggests that corporate regulations to increase disclosures at the firm level would lead to meaningful improvements in financial resilience. Taking forward the recommendations of the TNFD therefore, as outlined in the UK’s Green Finance Strategy, could be an important step in terms of building financial resilience to nature-related risks.
- Broadening supervisory statements on climate to explicitly include environmental risks, and incorporating aspects of environmental degradation into exploratory scenario exercises. The benchmark scenarios developed in Ranger et al. 2023 could create a foundation to build one or more exploratory scenarios for firms.
- An immediate priority is to encourage financial firms to begin to build capability in assessing and managing nature-related financial risks. Existing fora such as the Climate Financial Risk Forum can support capability building across the financial sector and enable the development of best practice.
- Advancing disclosures of asset-level information and supply chains. Nature-related risk assessment suffers from data gaps common to climate risk management. For example, enhanced disclosures of the asset locations and supply chains would enable significant improvements in both nature and climate risk assessment and management. Regulators should also assess if steps should be taken to enhance transparency around the largest financial sector exposures of banks, where it is currently impossible to assess nature-related risks.
- Take timely opportunities to incorporate nature, as appropriate, fully within emerging regulatory frameworks and standards, for example the ISSB, new green taxonomies and transition plans. This will reduce the burden on firms.

4.4 UK-relevant nature finance standards and principles

Standards and principles are used to increase confidence in nature finance and guide action, thus unlocking flows (Financing Nature Recovery UK, 2022). There are multiple types of standards, with some focusing on how markets and projects should be run; others providing specific measurement and verification methods, particularly for carbon, often also acting as a marketplace for verified projects; and others focussing on setting business-related targets and disclosures. The latter includes a very wide set of standards and principles that go beyond what can be covered in this paper, but key frameworks are given. We separate those most relevant to nature positive finance (Table 11) and those relevant to greening finance for nature (Table 12).

Table 11: Voluntary nature positive finance-related standards and principles relevant to the UK.

Category	Standard/principle	Summary (from websites)
Markets and projects	BSI Flex 701 v2.0 Nature Markets – Overarching Principles and Framework (BSI, 2025a)	Sets out principles and foundational requirements for the design and operation of UK nature markets, intended for use by market participants, such as suppliers and intermediaries.
	IAPB Framework for high integrity biodiversity credit markets (IAPB, 2024)	Framework to define, guide and encourage the development of high integrity biodiversity credits and credit markets, providing guidance for these market actors at both project and market level.
	Principles for voluntary carbon and nature market integrity (Department for Energy Security and Net Zero, 2024)	Principles to guide responsible participation in voluntary markets for buying and selling carbon and nature credits.
	Nature Finance Certification Alliance Community Inclusion Standard (Nature Finance Certification Alliance, 2025)	Standard is to provide project developers a reliable and value-adding approach to working with communities.
	BSI Flex 703 v1.0 Supply of nature-based carbon benefits (BSI, 2025b)	Specifies requirements for high quality carbon removals and greenhouse gas (GHG) reductions delivered by UK nature-based projects.
	Green Infrastructure Standards and Principles (Natural England, 2023)	Define what good green infrastructure 'looks like' for local planners, developers, parks and greenspace managers and communities, and how to plan it strategically to deliver multiple benefits for people and nature.
Carbon certification	UK Carbon Code of Conduct (UK Carbon Code of Conduct (UKCCC), 2025)	Set out to be the principal standard by which all UK nature-based carbon credit issuing projects can be approved and verified.
	Woodland Carbon Code (UK Woodland Carbon Code, 2019)	Sets out requirements for voluntary woodland creation projects which tackle climate change by removing carbon dioxide from the atmosphere.
	Peatland Code (IUCN, 2023)	A central standard & robust set of protocols to guarantee high-integrity carbon credits .
	Wilder Carbon Standard (Wilder Carbon, 2023)	Nature-based carbon standard for minimum-intervention projects aiming to create carbon benefits through the restoration of native habitat.
Financing Principles	Equator Principles (Equator Principles, 2025)	The Equator Principles (EPs) are intended to serve as a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing Projects.
	Principles for Responsible Investment: Investing for Sustainability Impact (Principles for Responsible Investment, 2024)	Four-part framework guidance for investors on investing for sustainability impact

Table 12: Greening Finance -related corporate disclosures, standards and ambitions relevant to the UK.

Category	Standard/principle	Summary (from websites)
Corporate Disclosures, Standards and Ambition	Science-based Targets Initiative (Science Based Targets initiative, 2025)	Provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, with the end goal of achieving net zero.
	Science-Based Targets Network (SBTN)	SBTN focuses on setting science-based targets for nature
	Taskforce on Nature-related Financial Disclosures (TNFD) (TNFD, 2025)	A set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities.
	Nature Action 100 (Nature Action 100, 2025, p. 100)	Nature Action 100 is a global investor-led engagement initiative focused on supporting greater corporate ambition and action to reverse nature and biodiversity loss.
	International Sustainability Standards Board (ISSB): IFRS Sustainability Disclosure Standards	The ISSB is responsible for developing IFRS Sustainability Disclosure Standards, to provide a global baseline of sustainability disclosures to further inform economic and investment decisions.
	Sustainability Accounting Standards Board (SASB)	SASB Standards help companies disclose relevant sustainability information to their investors. Available for 77 industries, the SASB Standards identify the sustainability-related risks and opportunities most likely to affect an entity's cash flows, access to finance and cost of capital over the short, medium or long term and the disclosure topics and metrics that are most likely to be useful to investors. SASB was integrated as part of ISSB.
	Global Reporting Initiative	Common global language to assess and report on environmental, social, and economic impacts
	Transition Plans (multiple)	Multiple transition planning guidance and standards are becoming available (e.g. GFANZ, TNFD, TPT), and those of the Transition Plan Taskforce were adopted under the ISSB in 2024. Such standards guide businesses in how to develop and disclose plans for how they will meet their stated environmental targets e.g. to 2050. These are intended to give a forward-view on current climate and nature disclosures to facilitate transition finance and alignment. Standards have tended to focus on mitigation targets but are beginning to consider how to incorporate nature (e.g. GFANZ and TNFD).

5 Blended finance and green banks

Blended finance has emerged as a key tool to jointly address major investment barriers in nature finance and to mobilise private capital at scale. These barriers include the lack of scaled, investable products for private investors, an unfavourable risk-return profile, a scarcity of flexible capital for innovation, demonstration and scaling, and a limited number of climate finance actors operating at the transaction and market levels (Gregory, 2023; WEF, 2023). While several of the nature finance initiatives noted above aim to mobilise private investment, the UK currently lacks an established and scale-up blended finance facility for nature. For this reason, this final section aims to inform the prospects for such a facility.

According to Convergence (2024), global climate blended finance flows totalled $18.3 billion in 2023, of which around $6 billion was mobilised from the private sector. Nature-focused investments remain a small share of this total. In 2024, around thirty vehicles – such as funds, facilities, and bonds – were identified with a combined fundraising target of $5.1 billion. Nature-based solutions-related blended finance transactions between 2018 and 2023 were estimated at $3.2 billion.

It is important to note that blended finance is not a magic bullet. Project for nature protection and recovery financed through blended structures still need the prospect of financial returns. This is a baseline requirement for any private investment. Such returns could come through carbon or biodiversity credits or from more traditional revenue streams, such as the sale of goods (e.g., timber or agricultural products) or services (e.g., ecotourism). In blended finance facilities, public or concessional finance often plays a critical role in absorbing risk. This can involve addressing early-stage project risks through technical assistance or start-up grants, providing guarantees to guarantee a minimum rate of return for investor, or taking a 'first loss' position in the capital structure. Such mechanisms can make riskier projects significantly more attractive for commercial investors.

5.1 Structuring blended finance

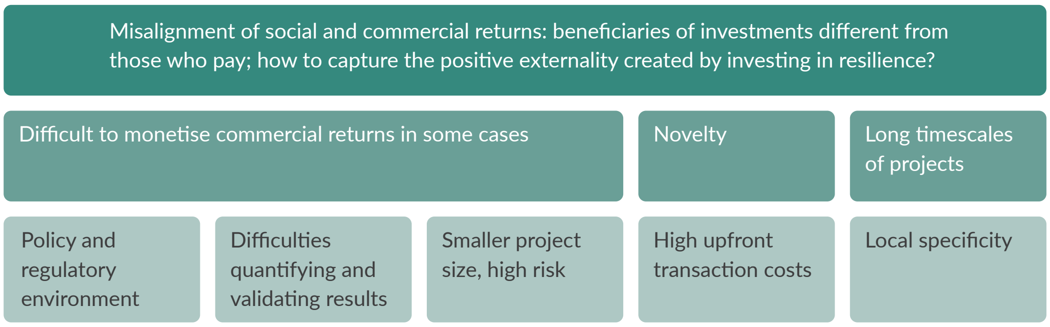
Blended finance represents a structuring approach that uses concessional capital from public or philanthropic sources to mobilise additional commercial capital for sustainable development projects.[7]

'Concessional capital' means capital provided at below-market interest rates (including at zero interest-rate, i.e. grants). The concessional capital can be provided by governments, international financial institutions, green funds (e.g. the Green Climate Fund for developing economies) or philanthropic sources. Broccolini et al., (2021) find that syndicated loans by multilateral development banks (MDBs), for example, can mobilize about seven dollars in bank credit over a three-year period for each dollar invested. This 7:1 mobilisation ratio highlights the potential of MDBs to attract substantial private capital and expand the pool of infrastructure financing in developing countries.

7 While widely used, the term "blended finance" does not have a single universally agreed definition. For this report, the definition draws on the Convergence (2024). www.convergence.finance/blended-finance

In a blended-finance structure, public and philanthropic capital absorb a larger share of the risk, allowing private investors to be repaid from the project's revenue stream. As a result, transactions can attract both traditional commercial lenders seeking market returns and "environmental investors" willing to pay for ecosystem-service outcomes (Figure 9).

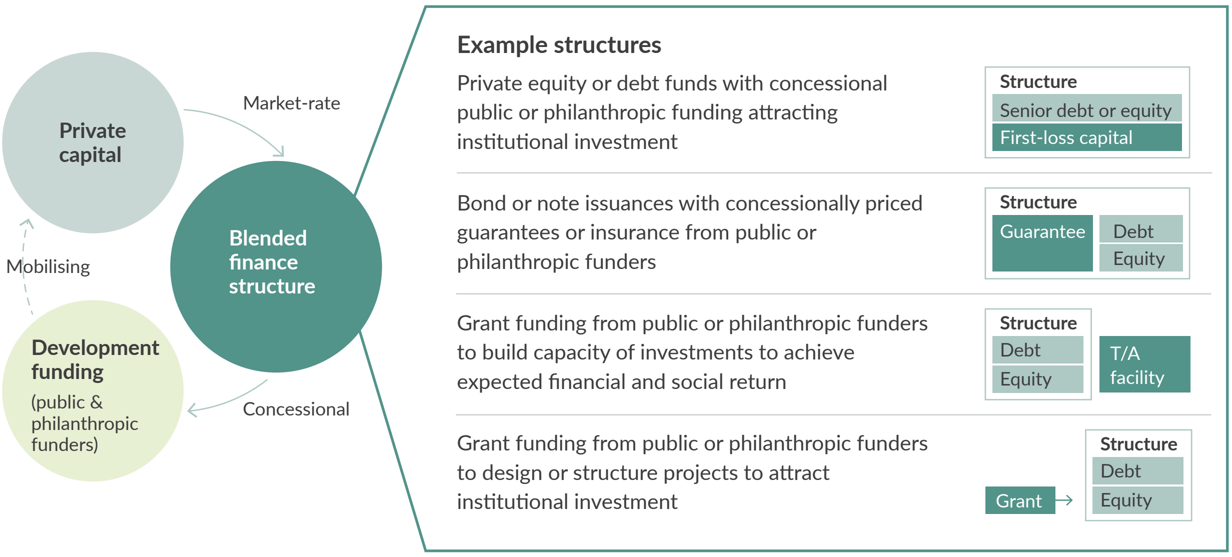
Figure 9: The blended finance model in which public and philanthropic funds act to de-risk and crowd-in private investment, with many projects aiming to become self-sustaining through the sale of carbon and/or biodiversity units, credits, or certificates or other income such as ecotourism.



Blended finance often involves the use of concessional funds within the capital structure of a project to lower the overall cost of capital or to provide an additional layer of protection to private investors (Figure 10). This protection is typically formalised through loan arrangements in which debt to concessional partners is subordinated, while commercial debt is prioritised as senior. Concessional investors may also provide credit enhancement through guarantees or insurance on below-market terms, making the project's risk-return profile attractive for commercial investors (Attridge et al., 2023).

Grant-funded technical assistance can also be an effective tool to strengthen a project's commercial viability, when direct provision of concessional funds to a project is not favoured by the providers. Likewise, grant-funded project design can lower the cost of capital when it is often scarcest, namely during the early, most uncertain stages of a project's lifespan (Convergence, 2023).

Figure 10: Blended Finance Structures. Source: (Convergence, 2023).



5.2 Lessons on blended finance for nature

The UK has commonly utilised blended finance to achieve development goals both domestically and internationally. For example, the Foreign Commonwealth and Development Office (FCDO) is a major funder (and founder in many cases) of several facilities engaging in blended finance, including the Private Infrastructure Development Group (PIDG), MOBILIST (Mobilising Institutional Capital Through Listed Product Structures) and British International Investment (BII). In the UK, the government established the UK Infrastructure Bank in 2021, building upon lessons from the former UK Green Investment Bank (established by the UK Government in 2012 and acquired by Macquarie Group in 2017 after helping to mobilise around £12 billion in investment in green infrastructure in the UK) (Green Investment Group, 2024). The UK Export Credit Agency provides more than £8 billion support annually to UK firms.

Like the UK, many high-income countries, for example, have long benefitted from varieties of national/public development banks and export credit agencies and many are involved in supporting nature-related projects. A prominent relevant example is the European Investment Bank, which leverages public capital provided by EU member states to mobilise substantial private capital into projects that aim to contribute to the economic development of the region. The EIB is one of the world's largest multilateral borrowers. Since its establishment in 1958, the EU bank has invested over a trillion euros. The EIB's Natural Capital Financing Facility (NCFF) pilot programme deployed just over €80 million for nature-based projects through its project financing facility between 2015 to 2022, and additional grant financing through its technical assistance facility (European Investment Bank., 2023). The premise behind the facility was that there is not enough financing available for the European Union to meet its biodiversity and climate change adaptation policy objectives, and that a lack of financing is a key factor preventing Europe from reaching its biodiversity targets and climate adaptation ambitions. The aim of the Natural Capital Financing Facility was to "provide a proof of concept to demonstrate that biodiversity and climate adaptation projects can be financed through innovative and sustainable market-based mechanisms in addition to existing grant-based financing".

The facility was set up under EIB management, using the EIB's standard market-based principles for risk assessment and pricing, as this was thought to have the greatest potential to generate interest from market-based sources of private capital. The EIB applied its normal approach for assessing and pricing risk, but a guarantee provided by the European Commission enabled it to consider operations beyond its normal risk appetite.

The EIB's 2023 report provides considerable lessons for future facilities, including:

- NCFF successfully demonstrated that biodiversity and climate adaptation projects can attract repayable finance, even in a tough environment. It approved 12 operations and signed 11, including two with financial intermediaries that reached five smaller projects. It achieved about €82 million in signed financing out of a target of €100 million. Although the financial volume fell short, the number of operations and geographical spread met targets.
- The NCFF did demonstrate the promise of a variety of modes of nature finance: including indirect equity investment (through funds); contingent loans (repayment linked to revenues) and loans to intermediaries and public bodies
- The NCFF created a hub for nature finance in Europe. It delivered strong technical support to project developers, helping to mitigate risk and reduce transaction costs and build financial skills among NGOs and project developers, contributing to a more mature pipeline of investable nature projects. Technical assistance made NCFF attractive even in a market dominated by grants
- Attracting private investors looking for financial returns proved challenging, as most private involvement came via philanthropy and grants
- Market failures and barriers severely limited the pool of investable projects.
- Deployment was slow initially due to narrow eligibility criteria and risk standards but accelerated towards the end of the mandate. Projects that succeeded had to meet standard market requirements and fit within strict eligibility rules. Strict eligibility criteria (e.g., restrictions on financing land acquisition) limited project flexibility.
- NCFF demonstrated that public support remains crucial for nature financing, especially in project development stages where private actors typically cannot bear the costs or risks
- Small-scale technical assistance ("seed" funding) was crucial for project scoping, feasibility studies, and stakeholder engagement
- Long project lead times without revenue streams highlighted the need for early-stage funding mechanisms.
- A key insight was that traditional project analysis methods do not fit well with nature projects. A more adapted economic and conceptual framework is needed for assessing these types of investments
- More flexible, risk-sharing instruments targeted at earlier stages of project development are needed to build a robust pipeline
- Emphasizing broader strategic benefits (e.g., climate resilience, biodiversity protection) rather than immediate financial returns would help attract investment

Considerable learning has also been derived from multilateral development banks and development finance institutions across Europe and internationally that have been active in nature finance for more than a decade. For example, in March 2025, the International Finance Corporation (part of the World Bank Group) shared its latest guidance on nature finance(International Finance Corporation, 2025), with examples of more than $300 million of projects financed in 2024. In December 2023, the UK-based European Bank for Reconstruction and Development (EBRD) laid out its approach to nature, including investing in nature, mainstreaming updated environmental due diligence and safeguards and disclosing nature-related data (Bennett, 2023). PIDG (supported by FCDO) has incorporated nature-based solutions within its approach to blended finance for infrastructure. The Global Environment Facility (GEF), the world's largest multilateral funding vehicle dedicated to the environment, has invested more than $700 million in 91 blended finance projects and mobilized $7 billion in co-financing (GEF, 2019), of which well over 30% is linked to impacts in land use, biodiversity and sustainable fisheries. The GEF's recent calls for proposals as part of its Global Blended Finance Program have placed a strong emphasis on nature, albeit currently it admits this area is less mature (GEF, 2025).

Van Raalte and Ranger (2023) reviewed 30 existing nature investment funds, many of which incorporate blended finance, to draw lessons on scaling nature finance (ECI, 2023). It found that blended finance plays a critical role in enabling investment in nature, while also highlighting the importance of specialist investment managers in sourcing and structuring projects. Several studies have been published in recent years analysing case studies and drawing lessons for blended finance for nature (Earth Security, 2021; One Planet Lab, 2021). The substantial literature on blended finance also includes lessons relevant to nature (e.g., Convergence, 2024):

- Risk-sharing is key. 67% of blended bond deals (2017–2019) used guarantees. Guarantees and insurance tools saw a 185% increase in usage from 2022 to 2023. Guarantees can mobilize 6–25 times more private capital than concessional loans.
- Design-stage grants are critical, including proof-of-concept of projects.
- Results-based financing, including environmental impact bonds, are becoming increasingly prevalent in nature finance (e.g. the Wildlife Conservation Bond).
- Focus on standardization and replication. Replicable transaction structures needed.
- Working with local institutions as intermediaries, who have superior knowledge of the local environment and projects. Local banks and investors can be catalysts but often need guarantees and first-loss protection.
- Financing should be complemented with technical assistance to create investment roadmaps and policy reforms to build the enabling environment for investment.

5.3 Adoption of nature by global green banks and public development banks

Green Banks (and wider public development banks) are a type of blended finance vehicle, in that they typically combine the up-front public capital of the Green Bank (Figure 11) with private capital mobilised from the private sector, though often on a 'deal by deal' basis (whereas other forms of blended finance vehicles, act as investment funds and typically raise private capital up front, e.g. see van Raalte and Ranger 2023). Green Banks operate by co-financing projects, refinancing them with concessional funds, or extending guarantees to support access to affordable finance. Not all Green Banks provide capital at below market rates (i.e. concessional capital) but may rather help build markets through providing expertise, project pipeline development or aggregation. Research published in 2025 by the Climate Policy Initiative concluded that few Green Banks have focussed on nature, albeit responses to their 2024 survey show a substantial portion of capital allocated to activities such as sustainable agriculture, water and forestry (Figure 12) (Climate Policy Initiative et al., 2025).

Figure 11: Capitalization of surveyed green banks in CPI 2025.

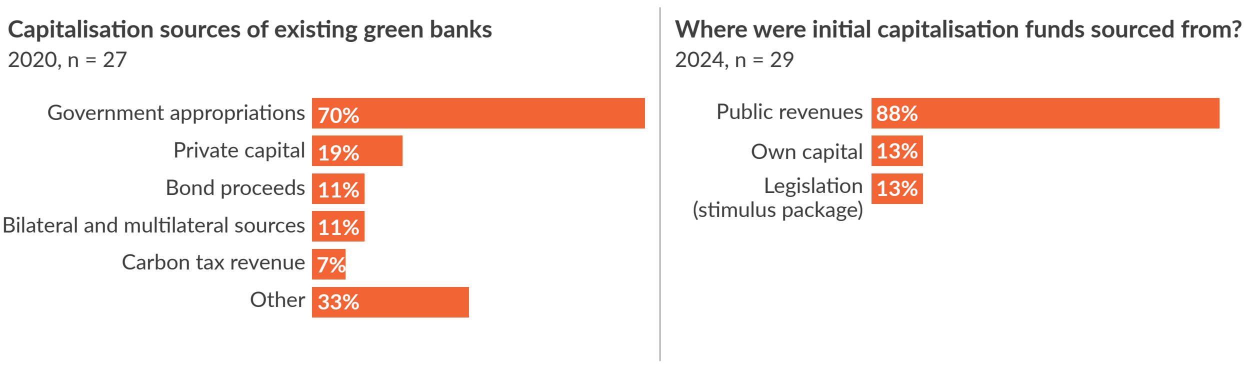
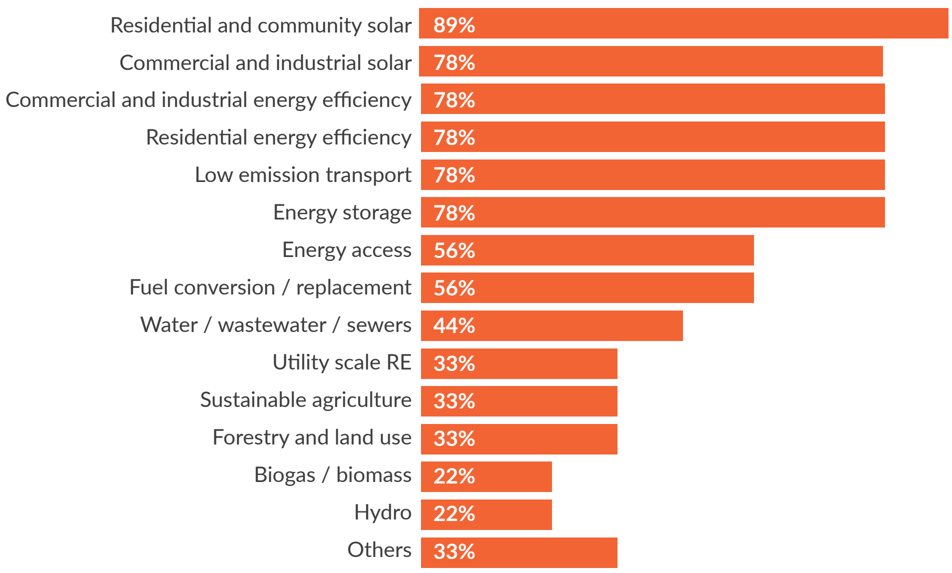


Figure 12: Percentage of green banks investing across sectors/technologies. Findings of 2024 survey (focussed on emerging markets banks). Source: CPI, 2025.



Research by WWF in 2021 on public development banks (PDBs), found that while 100% of multilateral development banks have commitments on nature and biodiversity, this decreases to less than 25% of national development banks (based on a review of 57 national development banks) (WWF & The Biodiversity Consultancy, 2021). Environmental safeguards are the main mechanism used by PDBs for managing biodiversity risk. While a large proportion of bilateral and regional development banks include such safeguards (including 100% of MDBs), a large majority of national development banks have no formal biodiversity safeguards. The IFC's Performance Standard 6 on Biodiversity and Sustainable Management of Living Natural Resources (dating from 2012, with guidance updated in 2019) is widely influential among both public and private banks but not recognised by most national PDBs. It found that fewer than 10% of national PDBs had investments that directly benefits nature, although more than 30% of national PDBs had investments with indirect benefits (e.g., sustainable agriculture or forestry). The proportions are significantly higher for multilateral, bilateral, and regional public banks, with nearly all having projects that deliver at least indirect benefits for nature. The report also provides a detailed roadmap for how PDBs can better integrate nature into their operations.

5.4 The National Wealth Fund and nature

The UK Infrastructure Bank (UKIB) was launched in 2021, with HM Treasury as its sole shareholder (Hogan Lovells, 2023). An initial provision of £22 billion of financial capacity was made to provide infrastructure loans and take over the UK Guarantees Scheme (Hogan Lovells, 2023). UKIB was set up with flexibility to offer concessional finance and invest across the capital stack, with a focus on proving investment cases, scaling emerging models, and crowding in private capital.

Nature-based solutions were included within the UKIBs initial definition of infrastructure. The UKIB's first natural capital-related transaction was a £12 million short-term bridging loan facility to support Highlands Rewilding Limited's acquisition of the Tayvallich Estate (Hogan Lovells, 2023). Highlands Rewilding's aim was to transform the estate into a thriving ecosystem by restoring temperate rainforest and marine habitats and adopting regenerative farming. It plans to deliver carbon sequestration as well as boosting jobs and biodiversity. The project was seen as an important prototype to learn from.

UKIB is now part of the National Wealth Fund (NWF), which provides equity investment, debt, and guarantees for qualifying infrastructure (National Wealth Fund, 2025), acting to de-risk investments and crowd-in private nature finance flows. In 2022, the UKIB published an initial discussion paper on investing in natural capital (McGavin & Williams, 2022), including outlining how the UKIB can help scale private investment into high-integrity natural capital markets. Its initial stated priorities are to deploy capital into promising projects and to facilitate landscape-scale investments as these markets mature. The paper identified the following potential priority market segments:

- Voluntary Carbon Markets, with a focus on woodland and peatland projects under UK's Woodland Carbon Code (WCC) and Peatland Code (PC). Here, UKIB could play a role in aggregating smaller projects into funds/SPVs; or bridging finance for project developers to hold credits longer (capturing 20–30% price premiums).

- Biodiversity Net Gain (BNG). UKIB could play a role in supporting habitat banks to smooth supply; supporting hard-to-deliver areas like intertidal habitat; and supporting Local Authorities (LAs) with BNG delivery.
- Water Services and Catchment-Based Models. The UKIB can invest in catchment-wide green infrastructure and help develop blended finance models combining carbon, biodiversity, nutrient trading, and public funds.

In November 2024, the Green Alliance laid out a set of recommendations for the UKIB to increase its support to nature finance as it transitions to the NWF:

- The NWP should retain and strengthen UKIB's mandate to invest in natural capital as part of the transition.
- Embed a duty to restore nature and halt species loss by 2030 into NWF's legal mandate.
- Shift the focus of KPIs, measuring mobilized private finance for nature, not just financial returns.
- Help to strengthen investment standards for nature, including aligning with the UK Green Taxonomy.
- Allow NWF to set up and manage its own natural capital funds if needed.
- Grow the specialist team within NWF to structure and manage innovative nature deals.
- Create a public database tracking prices, accreditation, and outcomes for carbon, biodiversity, and nature credits.
- To help catalyse nature markets, the NWF can accept lower returns and bear higher risks to de-risk the market for others.

6 Preliminary conclusions

While this report provides only a primer for discussion on recommendations. Based upon the evidence presented here, a few key recommendations do emerge.

Firstly, blended finance is an underutilised tool in the UK. The UK government has substantial expertise on blended through its investments overseas and existing non-nature focussed vehicles, such as UKIB, the Export Credit Agency and the former UK Green Investment Bank. There are many existing initiatives in place to learn from internationally and a ready infrastructure in the form of the National Wealth Fund. Arguably the UK is well behind other countries in leveraging its public financial institutions for nature. While blended finance is not a silver bullet, there is a clear case for piloting a scaled-up nature blended financing mechanism through the NWF. This would require scaling up the NWF's capacity and clarity on mandate, in line with the UKIB's own 2022 discussion paper. Nature is infrastructure, as stated by the original UKIB mandate. Globally, blended finance has already mobilised billions of USD investment into nature projects.

Secondly, it is important to address the gaps in the top-down architecture through integrating nature into ongoing policies and regulations that green finance for the UK. There are low hanging fruit, such as supporting efforts by the Climate Financial Risk Forum to build the capability of financial institutions on nature, including through leveraging platforms like the UKRI Integrating Finance and Biodiversity programme.

Thirdly, there is a clear and urgent case for investment in enhancing the underpinning science, data, analytics and standards to scale up nature positive finance and advance the greening of finance for nature.

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Analysis of the 2023 green finance strategy (domestic only) and UK national biodiversity strategy and action plan (in italics – not nature specific)

	2023 Green Finance Strategy Nature-Related Commitments	Additional Commitments of the UK National Biodiversity Strategy and Action Plan 2025
Information and capacity: Targets	**International**: Commitment to the **Kunming-Montreal Global Biodiversity Framework** **UK**: Legally binding target to halt the decline in domestic species abundance in England by 2030, and then increase abundance by at least 10% to exceed 2022 levels by 2042. "This target, together with other goals set out in our Environmental Improvement Plan published in Jan 2023, sets a clear direction that can help to make the UK a leader in private investment in natural capital" **Alignment of financial flows was captured in the long-term goals of the Paris Agreement**	**As outlined in the Environment Act 2021 and the 2023 Environmental Improvement Plan** 23 CDB-Aligned UK Targets: ort.cbd.int/national-targets?countries=gb
Information and capacity: Goals	2021: **Government set a goal to mobilise more than £1 billion per year of private finance into nature's recovery in England by 2030**, and at least £500 million of private finance per year by 2027. "We expect to see this finance made up principally of investment in nature-based solutions for carbon sequestration, flood risk management and water quality, as well as compensating for biodiversity and nutrient impacts (e.g. through Biodiversity Net Gain and Marine Net Gain)"	"The UK will meet the goals, targets and mission of the GBF domestically, and will continue working with international partners to drive global implementation"
Information and capacity: Other commitments	2021: Over 140 countries, representing 90% of the world's forests, signed the **Glasgow Leaders' Declaration on Forests and Land Use (GLD)** and committed to work collectively to halt and reverse forest loss and land degradation by 2030 while delivering sustainable development and promoting an inclusive rural transformation. Recognising the power and necessity of private finance in protecting forests and other ecosystems, GL Action 6 commits countries to facilitate the alignment of financial flows with international goals to reverse forest loss and degradation. We will work with UK financial institutions, starting with a series of Government-convened roundtables in 2023, to further tackle deforestation-linked finance.	In line with the GBF: publish by COP16 an updated NBSAP to outline how they plan to achieve the GBF. Submit national reports to the CBD in 2026 and 2029 that summarise the progress made in implementing the GBF, including progress towards the national targets in the NBSAPs.

	2023 Green Finance Strategy Nature-Related Commitments	Additional Commitments of the UK National Biodiversity Strategy and Action Plan 2025
Continued…	The UK government is committed to supporting the development of markets for carbon and other ecosystem services in the UK, guiding, and stimulating demand while also ensuring that they build trust and confidence. **UK's Finance Nature Recovery initiative**	
Information and capacity: Strategies/ Plans	This Strategy sets out the measures we are putting in place to mobilise that investment, including through our **Nature Markets Framework,** published alongside GFS We will aim to **publish an investment roadmap by 2024** to support the nature-positive transition pathway for these sectors and will update them as policy develops. A number of sectors (such as agriculture, forestry, water, resources and waste) also have a critical role to play in delivering the goals set out in our Environmental Improvement Plan, in addition to the key contribution they will make to meeting our net zero target.	Northern Ireland: Lough Neagh Report and Action Plan
Regulation: Policy/ Legislation	**2021: We passed the landmark Environment Act 2021**, putting environmental goals, such as reversing the decline in biodiversity, on a statutory footing. 2023: **Environmental Improvement Plan**, setting out how we will work with land managers, communities and businesses to deliver our environmental goals. 2023: **New Nature Markets Framework**. 2023: **Mandatory Biodiversity Net Gain**, which we legislated to introduce in Environment Act 2021, will establish a market for biodiversity units from Nov 2023. 149 Land managers who can create/ enhance habitat on their land will be able to sell the units to developers needing to meet their obligations. 2023: committed to publish **Land Use Framework for England** in 2023, to inform how manage trade-offs between land uses as deliver ambitious climate and environmental goals, and provide clarity to the market. The UK government has **set an expectation of a significant increase in the use of nature and catchment-based solutions** in the water sector, with companies and regulators working towards delivering these solutions as a matter of preference. As well as mandating **Biodiversity Net Gain** for developers and Nationally Significant Infrastructure Projects, we are aiming to make **Sustainable Drainage Systems (SuDS)** mandatory in new housing developments in 2024, subject to final decisions on scope, thresholds and process following consultation.	UK: UK Marine Strategy OSPAR North-East Atlantic Environment Strategy Fisheries Act 2020 UK has issued a call for evidence for the Financial Services Growth and Competitiveness Strategy on the financial sectors' role in supporting a net zero, climate resilient and nature positive economy. Third National Adaptation Programme NAP3 2035 NDC National Determined Contribution England: In July 2024, the government announced a rapid review of the EIP to ensure it was fit for purpose. The government – with invaluable input and advice from external stakeholders – has since undertaken this rapid review and will publish a revised, statutory EIP in 2025.

	2023 Green Finance Strategy Nature-Related Commitments	Additional Commitments of the UK National Biodiversity Strategy and Action Plan 2025
Continued...		Launch of an Independent Commission into the water sector regulatory system; working with farming groups and nature organisations to finalise the criteria for land to contribute to 30by30 in England and developing a Delivery Strategy to accelerate progress toward the target; the establishment of a Circular Economy Taskforce to help advise on progress towards a more circular economy; and the launch of a consultation to inform the publication of a Land Use Framework later in 2025. Wales: The Well-being of Future Generations Act became law in Wales in 2015 and aims to ensure that future generations have at least the same quality of life as the current generation. Revised Nature Recovery Action Plan (NRAP): The current NRAP sets out the commitment to reverse the loss of biodiversity in Wales and will be revised to outline how the GBF will be implemented. Scotland: Scotland's Strategic Framework for Biodiversity comprises: a Biodiversity Strategy to 2045; supported by 6-yearly Delivery Plans; Northern Ireland: Northern Ireland's first Environment Strategy, an Environmental Improvement Plan (EIP), has been developed under the Environment Act 2021.
Regulation: Regulatory, Standards, Disclosures	2023: We are working with the **Bank of England, the Green Finance Institute and other partners** to quantify more effectively the potential UK financial exposures from nature loss and degradation.	"The UK Government recognises the TNFD as a leading mechanism through which to operationalise Target 15 of the GBF and has encouraged closer integration between the TNFD and the International Sustainability Standards Board's (ISSB's) emerging global baseline on sustainability reporting"

	2023 Green Finance Strategy Nature-Related Commitments	Additional Commitments of the UK National Biodiversity Strategy and Action Plan 2025
Continued...	2023: Given the importance of agriculture for our nature and climate change goals we have created the **Land, Nature, and Adapted Systems Advisory Group (LNAS)** as a sub-group to the G T A G to advise on sustainable agriculture and fisheries. It will also consider the role of infrastructure, including nature-based infrastructure, in delivering a resilient economy. Nature investment standards *2019: Co-funded the British Standards Institution (BSI) to design and roll out a programme of internationally relevant standards on Sustainable Finance.* *2021:Greening Finance: A Roadmap to Sustainable Investing focussing on ensuring that the info. exists to enable every financial decision to factor in climate and environment. UK's disclosure framework aligned with TCFD.* *2023: Government is committed to implementing a usable and useful UK Green Taxonomy. 2023: Consult on the UK Green Taxonomy in 2023 and explore link to SDR.* *2023, the FRC will review the regulatory framework for effective stewardship, including the operation of the UK Stewardship Code* *"Environmental reporting requirements for businesses and the financial sector are becoming stronger, with the implementation of SECR and TCFD, the development of the IRS Sustainability Disclosure Standards and the TPT. These measures make it easier for investors to understand the climate risks associated with their investments and help direct finance towards adaptation."* *DWP Stewardship Guidance on Fiduciary Duty*	
Financing: Public Financial Institutions and Financing Vehicles and Schemes	The UK government is **investing £30 million Big Nature Impact Fund (BNIF)**, a new blended finance impact fund managed by Federated Hermes and Finance Earth The **£50 million Woodland Carbon Guarantee** helps accelerate woodland planting and develop the domestic market for woodland carbon, by offering a price guarantee for verified carbon credits sold to the UK gov Our new **Environmental Land Management** schemes are being designed to dovetail with private investment. In particular, we are supporting the bespoke **Landscape Recovery projects** to secure private funding alongside public funds in innovative ways.	

	2023 Green Finance Strategy Nature-Related Commitments	Additional Commitments of the UK National Biodiversity Strategy and Action Plan 2025
	The UK government is providing four local authority areas with up to £1 million each to act as trailblazers in our **Local Investment in Natural Capital (LINC) Programme** *Work with the Green Finance Institute and the finance sector to develop a forward-looking analysis **of blended finance models** and where they could be better deployed in the UK.* *UKIB published a Strategic Plan with five priority sectors: clean energy; digital; transport; **water; and, waste**.*	
Information and capacity: Data and Analytics	Natural Capital and Ecosystems Assessment (NCEA) TNFD Nature-related data catalyst UKRI including Nature Positive Future programme *Consultation on the regulation of **ESG** ratings providers under FCA.* ***Benchmarks and indices** play a role in the allocation of capital towards green and sustainable investment. The UK's regulatory regime for benchmarks already makes provision for ESG benchmarks*	
Information and capacity: Education, Skills and Research	The National Parks Partnership and National Association for Areas of Outstanding Natural Beauty to support capacity building of Protected Landscape bodies and increase pipelines of projects for private investment. Cover nearly 25% of land in England and are critical to attracting investment into natural capital, protecting habitats while enabling access for people. We are working with the **Ecosystems Knowledge Network** and Green Finance Institute (GFI) to publicise and share cases studies and learning from the **Natural Environment Investment Readiness Fund** (NEIRF). The £270 million committed to **agricultural and horticultural R&D** through the Farming Innovation Programme (FIP) to 2029, to enhance productivity, environmental sustainability and resilience in England's farming sectors Research focused on exploring options to **track private investment into nature** which we plan to publish shortly. We are looking at the feasibility of adopting some of the methods recommended.	The UK's world-renowned scientific and research institutions deliver technical, scientific and capacity development support globally, and include JNCC, RBG Kew, the Natural History Museum (NHM), the Centre for Environment, Fisheries and Aquaculture Science (Cefas), the Marine Management Organisation (MMO), the Animal and Plant Health Agency (APHA) and many others.

	2023 Green Finance Strategy Nature-Related Commitments	Additional Commitments of the UK National Biodiversity Strategy and Action Plan 2025
	Supporting **86 innovative nature projects across England to explore ways of generating revenue from nature markets** and operate on repayable private sector investment, through the £10 million Natural Environment Investment Readiness Fund (NEIRF). *The GFEC will be re-launched alongside this Strategy as the **Sustainable Finance Education Charter (SFEC)**. This reflects the need for professional bodies and professionals to address wider issues of biodiversity loss and nature-based finance, transition planning, and ensuring an economically and socially inclusive transition in support of the UK's net zero objectives.*	
Devolved Administrations	Scotland: Commitment to develop Scottish Government Interim Principles for Responsible Investment in Natural Capital Wales: Contributing to the Global Biodiversity Framework by developing an action plan to deliver the 30x30 biodiversity target, including consideration of statutory biodiversity targets, ethical and transparent private investment in nature recovery. *Scottish Taskforce on Green and Sustainable Financial Services* *Scottish Green Investment Portfolio* *Scottish Funding to Finance approach* *Scottish National Investment Bank* Wales: Establishment of the Ministerial Portfolio for Climate Change in 2021, with an annual budget of over £2 billion to support Net Zero and tackle biodiversity loss in Wales. Scotland: Facility for Investment Ready Nature in Scotland (FIRNS), a £1.8 million investment readiness fund. Wales: Establishment of Sector and Regional Funds and Boards examples including Woodland Financing Group	Scotland: The CSGN is a 40-year programme (2020 – 2030 Delivery Plan) that aims to change the face of central Scotland by restoring and improving its rural and urban landscape. Covering 10,000 km^2 , it has the potential to improve the lives of 65% of Scotland's population.

Leverhulme Centre for Nature Recovery

About LCNR

The ongoing loss and degradation of nature is one of the greatest challenges of our time. To halt and reverse this global biodiversity decline, the Leverhulme Centre for Nature Recovery was created as a hub for innovative research on nature recovery nationally and worldwide. It brings together experts from disciplines across the University of Oxford, including geography, ecology, social science, finance, economics, psychiatry, anthropology, artificial intelligence, statistics and earth observation. Our team collaborates on a range of projects, working with national and international partners.

Leverhulme Centre for Nature Recovery

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The Nature Recovery podcast

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