



Roadmap launched for new environmental markets to finance UK's nature recovery

Recommendations from over 300 experts outline roadmap to scale up environmental markets and catalyse private investment to help fill annual £5.6 billion financing gap for UK nature recovery

London, June 7, 2022 – Developed with input from over 300 experts from across government, business, finance, the environmental and land management sectors, and endorsed by organisations including the CBI, CLA, NFU, Water UK and RSPB, the [Financing UK Nature Recovery Coalition's: Recommendations and Roadmap Report](#) launches today. The report sets out how to make the UK a highly attractive market for nature-based investment to help drive nature recovery.

There is an estimated annual £5.6 billion finance* gap for the UK's key nature goals that public and philanthropic funding alone will not be able to meet. Yet significant barriers to private investment in nature exist in the UK. The systemic undervaluation of nature, a lack of tested revenue streams and standards, mis-aligned and complex environmental regulation, and expertise and capacity gaps are among the barriers making it difficult for the private sector to price and manage the risk of investing in nature over the long term. As a result, the risks of investment at scale currently outweigh the returns.

The Financing Nature Recovery UK report outlines a new roadmap to unlock these barriers and deliver high-integrity environmental markets that drive private investment and nature recovery across the UK. It sets out a framework to modernise regulation, leverage public expenditure and secure large-scale private investment in nature and biodiversity each year by 2030.

The recommended delivery plan for UK and devolved governments focuses on three critical areas:

- **Market Design** including the need for new drivers for investment in nature recovery, such as nature-based targets, reform of existing regulations to remove barriers to private investment, and new institutional arrangements to regulate and provide independent market oversight.
- **Market Governance** to establish consistent and rigorous standards for measuring and accrediting the environmental service nature-based solutions provide, and the improvement of data needed to ensure private investment delivers real environmental improvements.
- **Market Operation** to provide the market infrastructure needed for efficient trade in environmental services, the provision of concessionary and de-risking capital, and mechanisms for local market delivery that provide opportunities for local businesses and benefits for local communities.



Led by the Broadway Initiative, Finance Earth and Green Finance Institute, the report has been informed by the views and contributions from more than 50 organisations, in addition to UK and devolved governments.

The UK and devolved governments committed to working with the *Financing Nature Recovery UK* coalition which follows the landmark Dasgupta Review of The Economics of Biodiversity. The Review commissioned by HM Treasury called for changes in how we think, act and measure economic success to protect and enhance our prosperity and the natural world.

Helen Whately MP, Exchequer Secretary to the Treasury, said: “The government has set a target to raise at least £500m a year in private finance for nature’s recovery by 2027, and high integrity environmental markets will play an important role in reaching this. I look forward to working with the Coalition to make these markets a reality.”

Mairi McAllan, Minister for Environment and Land Reform, Scottish Government, said: “Scottish Government welcomes the publication of this report and the collaborative approach that has been taken developing its recommendations. It will form a useful guide for the commitment we have in Scotland to establish a values-led, high-integrity market for responsible private investment in natural capital.”

David Young, Senior Fellow at the Broadway Initiative, said: “We need to put nature recovery onto a sustainable financial footing. Well-designed and regulated markets can provide farmers and landowners with the incentives to integrate nature with agriculture and other land uses.”

James Mansfield, CEO, Finance Earth, said: “This roadmap will play an important role in accelerating a high-integrity market in nature recovery in the UK, and doing so in ways that benefit local communities. We see significant momentum in the sustainable finance market and through the right partnerships, we can catalyse the recovery of UK nature at pace. Scaling-up investment in the UK’s nature recovery couldn’t be more urgent and Finance Earth is pleased to play its part in helping to unlock the finance needed.”

Dr Rhian-Mari Thomas, CEO, Green Finance Institute, said: “We know that private finance must be mobilised into nature restoration and nature-based solutions if we are to meet our UK biodiversity and climate mitigation and adaptation goals. We also know the barriers to unlock, the incentives to create and the market infrastructure that needs to be put in place to ensure this happens at pace, at scale and with high integrity. Now we need the collective effort to turn recommendations into action.”

If high-integrity environmental markets are established by 2030, farmers and other landholders will be able to routinely participate in markets to supply nature-based projects that improve the natural environment. In addition, UK businesses will be active buyers in markets for environmental services to meet both regulated and voluntary environmental obligations, providing a strong driver for investment in nature recovery.



Unlocking private investment at scale will help to deliver an integrated response to climate change, leverage public funding for greater environmental gains and support local communications across the country.

Among the 50 organisations which have contributed to the Report and support the recommendations and roadmap:

- **Sarah Hendry, Director General, Country Land and Business Association (CLA)**, said: “There is great potential for high-integrity environment markets to unlock private finance for nature recovery across the UK. We are confident that implementing this roadmap and recommendations will provide the right incentives for farmers and other landholders to integrate nature recovery with agriculture and other land uses, and provide on-going benefits for communities across the country.”
- **Eoin Murray, Head of Investment, Federated Hermes**, said: “To tackle climate change and the loss of biodiversity and ecosystems, markets need to be regulated, trustworthy, and transparent about their environmental and societal impact. Implementing these recommendations in a timely way will provide the certainty needed for large scale investors to see the UK as an attractive market.”
- **Andrew Clark, Director of Policy, National Farmer Union (NFU)** said: “The way the environment and land use is valued, from a financial point of view, is changing at pace with new markets already starting to develop along with new potential buyers of environmental services. We believe that farmers and growers will be central to the successful delivery of a range of environmental benefits such as carbon sequestration and storage, the creation, enhancement and maintenance of biodiversity, as well as improving water quality and regulating water flow within catchments. What is clear is that as both public policy and private markets evolve, it will be critical that the appropriate conditions for shaping those markets are considered now and that is why the NFU has been pleased to be part of this timely report which contributes to the debate. We urgently need to establish a new economic model for farming and our countryside; a model which is farmer led and farmer owned, backed by technical professional expertise and works for both the tenanted sector and other farm business models too. However, for these emerging markets to gain the necessary momentum and importantly confidence, for them to be fully realised as true opportunities for farmers and growers, key rules and principles will need to be established and feature as part of their development.”
- **Mark Lloyd, Chief Executive, The Rivers Trust**, said: “This is an important report that identifies the key challenges, and more importantly many solutions, to securing substantial new private investment in restoring nature. This is absolutely vital if we are to reverse the steep decline in biodiversity, build resilience and tackle the climate crisis because we cannot do it with public funding alone. The Rivers Trust has a number of pioneering projects being delivered in partnership with the private, public and voluntary sectors and we look forward to working with the Financing Nature UK Coalition to continue identifying new ways of working collaboratively.”
- **Beccy Speight, Chief Executive, RSPB**, said: “We support the Roadmap and Recommendations because we believe that markets for nature must be underpinned by



rigorous standards and independent oversight. The UK has a chance to show how to ensure private investment in nature can be done in ways that will genuinely help deliver the recovery of nature we need.”

- **Ruchir Shah, Director of External Affairs at the Scottish Wildlife Trust, and founding member of the Scottish Nature Finance Pioneers Network**, said: “A significant step change in investment in nature is vital for tackling the nature and climate crises. This is a pivotal set of recommendations, which have been developed collaboratively with strong input from Scotland. We are confident that this will spur support, including from the Scottish Government, and increase momentum for nature finance across the four nations of the UK.”
- **Colin Skellett, Chief Executive, Wessex Water**, said: “The roadmap and recommendations provides a clear pathway to reform the regulation of the water sector to ensure that we can deliver more for the environment whilst managing cost of living pressures for our customers.”

To mark the launch of the recommendations and roadmap, [a public event is being held at 11:00am UK, Tuesday 7 June](#). Senior representatives from across farming, finance, business and the environment will come together to discuss the roadmap and the actions needed to take it forward.

-- ENDS--

Notes to editors

For more information, please visit <https://financingnaturerecovery.uk/recommendations-and-roadmap>

For media enquiries, contact:

SEC Newgate UK
Tim Le Couilliard, Andrew Adie, Dafydd Rees
+44 (0)20 3757 6746
greenfinanceinstitute@secnewgate.co.uk

Matthew Farrow
Email: matthew@broadwayinitiative.org.uk
Phone: 07714292126

About Financing Nature Recovery UK

[The Financing Nature Recovery UK initiative](#) was established in November 2020 with the aim of putting nature onto a sustainable financial path.



Led by the Broadway Initiative, Finance Earth and the Green Finance Institute, the initiative brought together over 300 industry leaders from the land management, business, finance, government and environment sectors across the UK, to:

- Identify the barriers to large scale private investment in nature recovery and how these barriers can be overcome
- Establish a framework to ensure the high integrity of UK environment markets
- Provide recommendations and roadmap for scaling up environmental markets across the UK

* The GFI/eftec report, [Finance Gap for UK Nature](#), revealed a minimum of £44 billion to £97 billion in investment above current public sector commitments is required for the UK to meet nature-related outcomes in the next ten years with a central estimate of £56 billion.