National Audit Office

INSIGHT

Private funding and investment for nature recovery

Department for Environment, Food & Rural Affairs

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National Audit Office

Private funding and investment for nature recovery

Department for Environment, Food & Rural Affairs

Report by the Comptroller and Auditor General

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Gareth Davies
Comptroller and Auditor General
National Audit Office

13 November 2026

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Summary

1 Since the first Environmental Improvement Plan (EIP) in 2023, the government has been clear that nature is not only a public good, but a critical asset that supports the economy and a range of the government's long-term objectives. The government has acknowledged, however, that the UK is among the most nature-depleted countries in the world.

2 The EIP aims to help nature recover and improve the environment. In doing so, it is expected to bring a range of benefits, including economic prosperity, public health and wellbeing, and stronger communities and infrastructure that are better able to cope with extreme weather such as drought and floods. The government has set nature-related strategies, objectives and targets, some of which are legal requirements under the 2021 Environment Act. The UK has also committed to the United Nation's global biodiversity targets, including protecting 30% of land and sea for nature by 2030.

3 The Department for Environment, Food & Rural Affairs (Defra) has policy responsibility for nature recovery, and it uses a range of approaches in pursuit of its environmental goals. This includes direct public funding – such as grants for tree planting and environmentally friendly farming – and regulation to protect the environment. However, the government has also stated that public funds will not be enough to achieve its goals for nature recovery, and that private money will be necessary to fill the gap.

4 Private funding and investment in nature remains an emerging area. Organisations and individuals contribute towards nature recovery in different ways, and for different reasons. Some organisations provide up-front investment or deliver projects to restore nature. Others are effectively 'buyers' who pay for the benefits that these nature recovery projects produce. Contributions can be philanthropic and charitable; there may be commercial benefits from improved reputation; or investors may expect direct financial returns in future.

5 Defra has not attempted to estimate the current scale of private funding for nature recovery. Research in 2026 estimated that private funding for nature and biodiversity-related projects in 2023-24 was £142 million, and public funding was around £704 million, although the research recognised this represented an incomplete picture due to data limitations. Defra has introduced policies, standards, funding programmes and market interventions (such as Biodiversity Net Gain) to attract more private funding and investment. However, stakeholders continue to identify challenges that will be important to address if private investment is to contribute at the scale needed to support the government's nature recovery ambitions.

6 This report is intended to help Parliament, stakeholders and the wider public understand how Defra seeks to encourage private contributions towards nature recovery, and to identify insights to help the government make further progress. It sets out the role of private funding and investment in nature recovery (Part One), the mechanisms that Defra has introduced (Part Two), and a series of insights into the challenges and opportunities for Defra (Part Three). In pulling together these insights, we spoke to and reviewed the work of businesses, academics, government organisations, industry bodies and environmental non-governmental organisations. In summary, the challenges and opportunities we have identified are as follows.

Efforts to increase demand to pay for the benefits of nature recovery

7 The commercial success of any product or service requires demand which leads to sales and a return to investors. Attracting up front private investment in nature recovery depends on establishing high levels of demand from organisations to pay for the benefits of nature and see value in doing so.

- **Insight 1:** Getting more contributions from private businesses towards nature recovery may require innovative solutions. Arrangements from other infrastructure sectors could provide useful lessons and inspiration.
- **Insight 2:** Limited evidence on the commercial benefits of nature recovery risks discouraging businesses from being willing to pay, but there may be other ways to make the case for those who benefit to contribute.
- **Insight 3:** There are frameworks for businesses to report how risks from nature loss and climate change affect them financially, which could help increase their understanding of – and willingness to pay for – ways to mitigate those risks.

Increasing the provision of private investment to fund nature recovery projects

8 For investors to have confidence that there is a high likelihood of a return on their investment, they need sufficient clarity on how to invest and on how they will be able to generate revenue in future.

- **Insight 4:** The range of different schemes and options for investing in nature recovery can be complex for investors and landowners, and further guidance from Defra could provide greater clarity and confidence.
- **Insight 5:** Public funding or government guarantees can be targeted strategically, alongside private investment, to reduce risks and high up front costs in the early stages and potentially generate more private investment in the long run.
- **Insight 6:** Investors generally want confidence that standards and markets will remain stable, which can be affected by policy uncertainty and unclear future demand.

Scaling up from smaller projects to large-scale nature recovery

9 There is some evidence that larger institutional investors like pension funds and insurance companies are prepared to invest in nature recovery. Attracting such investors is likely to require larger-scale projects and long-term certainty to give them a clearer return on investment.

- **Insight 7:** There is opportunity to use Defra's various strategies, plans and frameworks, and successes from projects to date, to design more large-scale recovery projects to encourage demand and investment.
- **Insight 8:** Larger and more complex nature recovery projects require those delivering them to have the confidence and knowledge to change or diversify their business, which Defra and key stakeholders can support.

Part One

Nature recovery and the role of private funding and investment

1.1 This part sets out why the government seeks investment in nature recovery, the overall approach that the Department for Environment, Food & Rural Affairs (Defra) takes, and the role of private funding and investment alongside direct public funding.

The benefits of nature recovery

1.2 In 2019, the government commissioned Professor Sir Partha Dasgupta to lead an independent, global review on the economics of biodiversity. The review, published in 2021, described nature as a form of capital that underpins economic growth and wellbeing.[1] It argued that the value of nature and biodiversity should feature more strongly in economic assessments and the economic models on which government and businesses make decisions. The government accepted the review's central conclusions and has increasingly framed nature not only as a public good, but as a critical asset that supports the economy and government's long-term policy objectives. Defra has policy responsibility for nature recovery, and its 2025 Environmental Improvement Plan (EIP) said that:

> "Nature is the foundation of our wellbeing, our economy and our communities. It builds resilience and minimises the impact of the changing climate on our homes, businesses, and infrastructure. It is essential to growing the economy."[2]

1.3 The government has also acknowledged that nature recovery is starting from a low base. The EIP highlights research describing the UK as among the world's most nature-depleted countries, and says that risks such as declining soil health, water scarcity and biodiversity loss could have significant economic consequences. It says:

> "(The depletion of nature) threatens more than our environment – it risks our nation's economic resilience and security. In an era of supply chain disruption and conflict, protecting and restoring nature strengthens ourresilience."

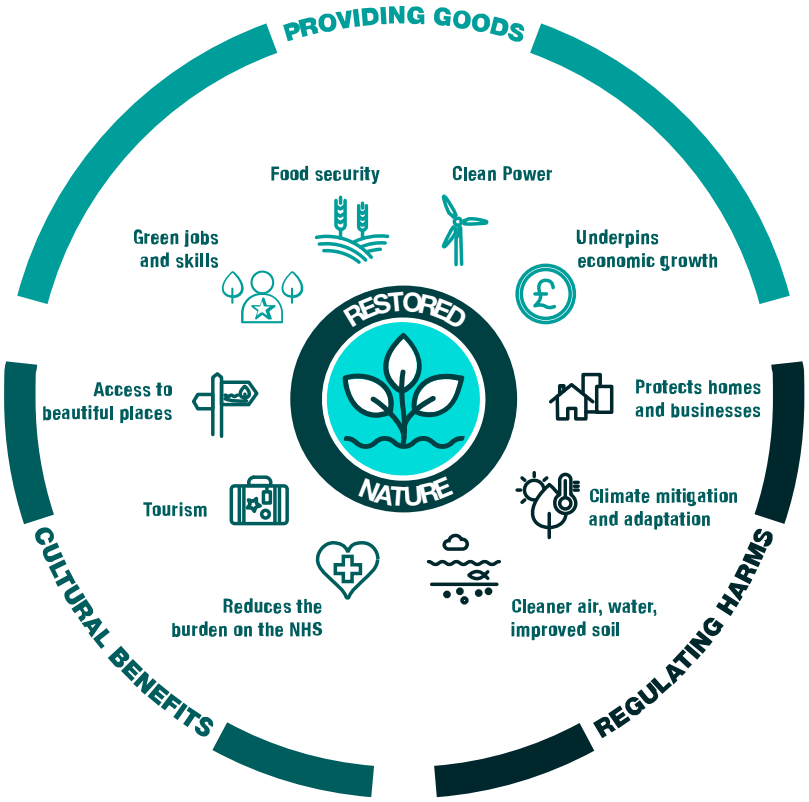
1 Professor Sir Partha Dasgupta, *The Economics of Biodiversity: The Dasgupta Review,* February 2021.
2 Department for Environment, Food & Rural Affairs, *Environmental Improvement Plan 2025*, December 2025.

1.4 The government considers that restoring nature can produce a wide range of benefits. These include improving physical, mental and emotional health, economic growth and prosperity, and resilience to extreme weather events. **Figure 1** shows Defra's visualisation of the economic, cultural and harm-reducing benefits that nature recovery could bring.

1.5 Extreme weather events such as floods, droughts and wildfires are becoming more severe and frequent due to climate change, and can result in lost lives and livelihoods. In our 2023 report on government resilience to extreme weather, we concluded that the government needed to increase its focus on reducing these risks and making the system more resilient to the worsening impacts of extreme weather.[3]

Figure 1
The wider benefits of restored nature

The 2025 *Environmental Improvement Plan* identifies the economic, environmental and public health benefits from restoring and protecting nature



Source: Department for Environment, Food & Rural Affairs, *Environmental Improvement Plan*, December 2025

3 Comptroller and Auditor General, Government resilience: extreme weather, Session 2023-24, HC 314, National Audit Office, December 2023. Available at: https://www.nao.org.uk/wp-content/uploads/2023/12/government-resilience-extreme-weather.pdf.

1.6 Nature recovery can play an important role as part of the government's efforts to enable the country to adapt to climate change. Nature-based approaches can help mitigate the impact of such events by, for example, reducing the speed and volume of water flows and retaining moisture in the land. The government also expects that nature recovery can create economic opportunities and new revenue streams for businesses, including from tourism or sale of nature and carbon credits. **Figure 2** overleaf provides examples of nature recovery activities and their potential benefits.

Nature as infrastructure

1.7 Nature is not designated as one of the government's 13 critical national infrastructure sectors, but the government and other stakeholders increasingly describe it in similar terms. The then National Infrastructure Commission's 2023 National Infrastructure Assessment highlighted the importance of nature to infrastructure such as water, wastewater and flood defences.[4] It recommended that nature-based solutions be considered before 'grey infrastructure' (structures built from concrete and steel) where they can deliver multiple benefits. Nature-based solutions may also be more cost-effective in some circumstances. The Office for National Statistics estimated that the total annual value of UK 'ecosystem services' (excluding fossil fuels) in 2023 was around £36 billion, and the total asset value was £1.5 trillion.[5]

The government's overall approach to nature recovery

1.8 The 2025 update to the EIP sets out the government's goals, commitments and planned approach to improving nature, updating the previous EIP and setting new interim targets for the statutory Environment Act 2021 targets. 'Restored nature' is the EIP's first and over-arching – or 'apex' – goal. The EIP has nine further goals across four areas: environmental quality, environmental security, access to nature, and the circular economy. The government's aim is that nature will advance – and be advanced by – progress towards those goals (**Figure 3** on page 11).

4 National Infrastructure Commission, *The Second National Infrastructure Assessment*, October 2023.
5 The term 'ecosystem services' is used to describe the benefits received by humans from nature.

Figure 2
Examples of nature recovery activities and their benefits

Nature recovery activities can benefit nature, the economy, wellbeing and resilience

Nature recovery activity	Benefits to nature	Wider potential benefits
Restoring habitats and increasing biodiversity	Restoring habitats and supporting biodiversity reduces the negative impacts of diseases and invasive species. It reduces the vulnerability of native species and ecosystems, helps restore soil health and increases species diversity and abundance.	Areas with high levels of biodiversity can see increased tourism and associated economic benefits. It also supports agriculture by maintaining sufficient pollinators like bees and improving soil health in a sustainable way.
River restoration	Restoring rivers, including reintroducing natural bends to rivers (known as meanders), creates a broader variety of habitats, increasing biodiversity. Meanders also improve water quality, helping reduce the impact of pollution.	River restoration can reduce flood risk by reducing the rate at which water flows, protecting downstream towns and villages. This can also improve resilience to drought by replenishing water stored in the ground (aquifers).
Tree planting	Planting trees and restoring depleted forests can improve habitats, prevent soil erosion, improve air quality through carbon storage, and mitigate the impact of extreme heat by providing shade.	Reduced soil erosion and increased biodiversity can support food production through improved soil quality and increased pollination. Tree cover can also reduce flooding impacts and extreme heat. Tree canopies have air quality benefits, leading to improved health outcomes.
Peatland restoration	Damaged peatland emits significant amounts of carbon. Restoring it increases natural carbon storage. Peatland also acts as a unique and diverse habitat, which many species rely on.	Peatland absorbs and stores water effectively, improving water quality and reducing flood impacts.
Wetland creation	Wetlands are an important habitat for a range of plants and animals, acting as a nursery for many migratory bird species.	Wetlands act as natural reservoirs, increasing drought resilience. They also help filter water and reduce flood risk by absorbing excess rainfall.
Replacing hedgerows	Hedgerows act as wildlife corridors, helping birds, insects and other wildlife connect from one habitat to another, increasing the diversity and dispersal of a variety of species.	Hedgerows are habitats for pollinators, which can improve crop yields. They also help with pest control, reintroducing natural predators and reducing the need for insecticide.

Source: National Audit Office analysis of nature recovery actions

Figure 3

The *Environmental Improvement Plan's* framework for protecting and improving the environment

The government expects the goals of the *Environmental Improvement Plan* to support its 'apex goal' of restored nature



Source: Department for Environment, Food & Rural Affairs, *Environmental Improvement Plan*, December 2025

Government plans and strategies

1.9 In addition to the EIP, in recent years the government has launched other strategies, policy papers and initiatives on other issues related to nature recovery, including involving private investment and funding. These include the following:

- The **Green Finance Strategy**, first published in 2019 with an update in 2023 called **Mobilising Green Investment**. This sets out the government's overall approach to mobilising private investment towards climate and environmental goals, including how it will ensure market participants have the information and tools they need. Defra published a further policy paper in October 2026, **Growing Places: Mobilising private finance for local nature recovery**, setting out how it intends to mobilise private finance for nature recovery in England.
- The **'30-by-30' commitment**. In 2022, the UK committed to achieving all of the United Nations' (UN's) Kunming Montreal Global Biodiversity Framework targets domestically, including protecting 30% of land and sea for nature by 2030. The government currently assesses that 7% of land in England counts towards this target. Defra acknowledges that the target is ambitious, and has set out a delivery plan to achieve it. The plan includes easier routes to delivery and a focus on ensuring private landowners and managers understand how they can contribute, and that it is financially and practically viable.
- The **UK Biodiversity Strategy and Action Plan**, published in March 2025.[6] Following the UN Convention on Biological Diversity in December 2022, the UK produced the UK Biodiversity Strategy and Action Plan. This included 23 national targets, including reaffirming the '30-by-30' commitment.
- The **Nature Markets Framework**, published in March 2023, sets out the core principles and rules of access for the UK nature markets, both existing ones and those which may be developed in future.[7] Nature markets are ways to buy and sell credits or units that represent environmental goods, such as biodiversity or water quality improvements. The framework includes a new set of nature market investment standards developed in partnership with the British Standards Institution.
- The **Land Use Framework for England**, published in March 2026, describes the government's intention for optimising land use in England, including how nature recovery objectives align with those on housing, food supply and energy.[8] The framework does not direct land managers to use land in specific ways but provides a set of principles to follow.

6 Department for Environment, Food & Rural Affairs, *UK Biodiversity Strategy and Action Plan*, December 2025.
7 Department for Environment, Food & Rural Affairs, *Nature markets framework*, March 2023.
8 Department for Environment, Food & Rural Affairs, *The Land-Use Framework for England,* March 2026.

- The **Farming Roadmap 2050**, published in June 2026, sets out expectations for how the farming industry will develop in the next 25 years.[9] Defra expects higher take-up of Environmental Land Management schemes that produce greater benefits for nature, and that more private funding for farming and investment in food supply chains will be required in future.
- **Local Nature Recovery Strategies** are locally led plans for addressing environmental priorities in defined areas. They are designed and overseen by an appointed local authority and support locally led nature recovery schemes.

The role of private funding and investment in nature recovery

1.10 Defra and its arm's-length bodies mainly use a combination of funding and regulatory approaches to achieve the government's environmental goals, including:

- public grants to farmers and landowners through the Environmental Land Management schemes;
- other direct public funding, such as for tree-planting and peatland restoration;
- regulating businesses and other organisations to limit or offset the environmental harm done as a consequence of their activities; and
- protecting landscape and habitat through, for example, Natural England's remit to protect sites of special scientific interest (SSSIs).

1.11 The government also aims to encourage businesses and individuals to contribute to protecting the environment and restoring nature. The government considers that public funds will not be enough to achieve its goals for nature recovery and that private funding and investment will be necessary to fill the gap. Research in 2021 by the Green Finance Institute estimated that there is a £56-billion gap for nature recovery across the UK over the ten years from 2022 to 2032.

1.12 It is not clear how much private funding the government considers is needed, or how much it expects to be able to generate. The first EIP in 2023 set a goal to raise at least £500 million in 'private finance' for nature recovery every year by 2027 in England, rising to over £1 billion by 2030. Defra removed these targets in its updated EIP in 2025 because of the challenges of:

- defining what constitutes finance for nature recovery;
- defining and measuring what counts as 'private finance'; and
- collecting data on private funding from a disparate set of activities being carried out by a wide range of organisations and individuals.

9 Department for Environment, Food & Rural Affairs, Farming Roadmap 2050: Growing England's Future, CP 1611, June 2026.

1.13 Defra told us its focus now is on measuring and reporting the outcomes and benefits of nature recovery, and it has reiterated its commitment to generating private investment. This includes:

- introducing plans to provide sector-specific actions to help meet high-level national goals;
- schemes that offset damage to nature from infrastructure, commercial and housing development (such as Biodiversity Net Gain and the Nature Restoration Fund); and
- using public finance to kick-start recovery projects and lay the foundations to attract private money.

1.14 Restoring nature and attracting private money to do so has the potential to deliver value for money for the taxpayer. Successfully encouraging more contributions from those who stand to gain from the benefits of nature recovery could reduce the burden on public finances at a time when the fiscal position is tight. The range of benefits provided by nature suggests that there is the potential for significant benefits to both businesses and to the public. For example, increasing the resilience of communities and the economy to shocks from extreme weather or other external events could help prevent more expensive remedial action in the long term.

The main ways that private funding and investment works

1.15 This report covers a range of activities including commercial approaches to nature recovery, attracting long-term financial investment, and creating nature markets. The main three groups involved in these processes are:

- investors who provide capital to finance the creation of nature products or services that can later be sold or otherwise used to generate a direct return on investment or other commercial benefit;
- suppliers with a product or service to sell, in this case those that derive directly from the benefits of restored nature which are attractive to potential buyers; and
- buyers who are either willing or required to make financial contributions by, in effect, paying for the benefits gained from restored nature.

1.16 There is a range of organisations and individuals involved in the developing system of nature investment (**Figure 4**), and organisations can participate in more than one role or process. For example, a nature project might be paid for through a combination of institutional investors, insurance companies and landowners themselves. Its design and delivery may then involve landowners, conservation charities, ecologists and nature-focused consultancies.

Motivations to pay for nature recovery

1.17 Nature recovery can be funded by philanthropic contributions and spending by conservation charities and environmental non-governmental organisations who are funded largely by their members and activities such as entry fees, retail and hospitality. This report focuses on commercial forms of private investment towards nature and biodiversity.

Figure 4
Stakeholders involved in private investment and their role

Different organisations contribute funding, land, expertise or project delivery

Type of stakeholder	Role
Organisations delivering nature recovery projects such as conservation charities and environmental non-governmental organisations	Have experience of managing land for the benefit of nature. They often have experts such as ecologists who are well placed to support projects. These organisations manage projects on their own reserves or across land owned by others.
Organisations delivering nature recovery projects such as landowners and land managers	They can provide the land, initiate recovery projects and get income by selling environmental outcomes. They can work individually or collectively and often use specialist delivery partners, such as consultants and brokers, or conservation charities.
Consultancies and brokers	Provide a range of services to facilitate the markets, put buyers in touch with projects and investors, and provide expertise in financing, business case development or ecology.
Investors such as insurance companies, philanthropists, pension funds and landowners	Provide the up-front capital for nature recovery projects.

Source: National Audit Office

1.18 Organisations and individuals have different incentives and motivations to contribute towards nature recovery. Commercial benefits can vary from improved reputation to direct financial returns. Investors in a project may also be the ultimate beneficiary of the nature recovery benefits (or 'ecosystem services') that the project produces. The main reasons why businesses and individuals might pay for nature recovery are set out below.

- **Philanthropic giving:** This funding is primarily to achieve environmental outcomes, with little or no expectation of direct financial benefit. However, there can be an indirect commercial benefit from employee wellbeing and loyalty. For example, Projects for Nature helps businesses fund nature recovery projects to deliver their nature strategies and allow staff to volunteer in that work.

- **Improved reputation:** Businesses can be incentivised by reputational benefits of being seen as good corporate citizens. Disclosure requirements on, for example, corporate social responsibility and environment, or social and governance metrics, can help strengthen these incentives.

- **Mitigation of nature-related risks:** Businesses can face direct financial risks from nature depletion and climate change. To help companies recognise these risks, the Taskforce on Nature-related Financial Disclosures (of which Defra is a funding partner) and the Taskforce on Climate-related Financial Disclosures have developed specialised disclosure frameworks. These can help businesses consider how nature-related and climate-related risks may affect them financially, and motivate them to contribute to nature recovery to help mitigate these risks.

- **Compliance with regulatory requirements:** Developers of housing or other infrastructure may be required to prevent or offset any resulting damage to nature. This can either be directly or through paying for nature recovery elsewhere. For example, statutory Biodiversity Net Gain (BNG) requires a housing developer to mitigate environmental damage on-site if it can, or to purchase registered 'biodiversity units' from other nature recovery projects. Part Two sets out the key schemes and regulatory levers Defra uses.

- **Ability to generate revenue from nature markets and other schemes:** An investor may fund nature recovery projects with an expectation of selling biodiversity units later, as well as potentially through other markets. For example, new woodland may generate revenue through both biodiversity units and carbon credits once the trees grow. Such investments need confidence that there will be a market to sell into, for example through BNG or other regulatory requirements.

The government's role in encouraging private funding and investment

1.19 The government sees its main role as creating the conditions to facilitate the flow of private funding and investment towards nature recovery projects and improved environmental outcomes. It does this through various routes:

- Setting the policy and overall vision for nature recovery and the role of private funding and investment, including through the strategies and plans set out in paragraphs 1.8 to 1.9.
- Setting the framework for nature markets and establishing principles and standards which nature recovery projects must meet, to lead to registered units and credits that can then be sold.
- Creating demand for nature markets by using regulations such as BNG to place obligations on developers to mitigate the damage they do or buy nature credits.
- Providing public funding for some nature recovery schemes to stimulate private investment, for example in the development stages of a project to help make the business case for investment.

Part Two

The private investment landscape and current state of play

2.1 This part explains the various ways in which the Department for Environment, Food & Rural Affairs (Defra) seeks to attract private funding and investment for nature recovery. It sets out the different mechanisms through which private organisations and individuals can invest and contribute, and what the evidence shows about progress encouraging private investment through these mechanisms in recent years.

Mechanisms for investing in and funding nature recovery

2.2 There are many routes for paying to restore nature, including several schemes that Defra has introduced in the past five years. Some of these are ways of discharging mandatory environmental obligations or meeting regulatory requirements, such as Biodiversity Net Gain and Nutrient Neutrality which are designed to offset or compensate for damage caused during developments (**Figure 5**).

2.3 Defra has also introduced additional mechanisms or schemes to support and incentivise private investment in nature (**Figure 6** on pages 20 and 21). For example, Defra set up the Big Nature Impact Fund in 2022 to address issues raised by investors, including a shortage of suitable opportunities and uncertainties over future financial returns. Defra also set up the Natural Environment Investment Readiness Fund in 2021, which provides initial grant funding to reduce early-stage costs. It aims to stimulate private money for developing nature projects. Other routes, such as the Woodland Carbon Code Scheme, are available to help businesses compensate for unavoidable emissions or support net zero commitments.

2.4 Philanthropic donations from individuals and businesses to conservation charities to restore nature are important sources of funding. Defra established its Projects for Nature initiative to put businesses keen to donate to local nature recovery projects in touch with validated projects. While the scheme is small in scale, stakeholders reported some evidence that the scheme increases business awareness of wider nature markets and can help lead to involvement in larger nature projects.

Figure 5

Regulatory mechanisms that developers use to discharge environmental obligations

Since 2022, the Department for Environment, Food & Rural Affairs has introduced four schemes through which developers can mitigate environmental impacts either directly, through nature markets, or paying into government-managed funds

Scheme and start year	Typical buyers	Process	What developers must do
Mandatory obligations that can be discharged through nature markets			
Biodiversity Net Gain, 2024	Property developers	Developers can buy biodiversity units to more than offset harm caused during a development.	Developers must achieve the required biodiversity net gain. Purchasing biodiversity units is not mandatory. Developers can offset the environmental impact themselves on their development site.
Nutrient Neutrality, 2022	Property developers	Developers can buy nutrient credits to offset increased nutrient load caused by a development.	Developments in affected catchments must meet nutrient neutrality requirements but buying credits is not mandatory. Developers can offset the environmental impact themselves on their development site.
Mandatory obligations that can be discharged through a levy			
Nature Restoration Fund, 2025	Housing and infrastructure developers	Developers can pay a levy which the government uses for strategic conservation measures.	Major infrastructure developers can choose to offset the harm themselves, on the site of the development or otherwise pay a levy.
Marine Recovery Fund, 2025	Offshore wind developers	Developers can pay a levy, which the government uses to compensate for harm to marine protected areas.	Developers can choose to do their own compensatory measures on the site of the development. Using the fund is mandatory for seabed compensation schemes.

Notes

1 Statutory Biodiversity Net Gain requires a housing developer to mitigate environmental damage on-site if it can, or to purchase registered 'biodiversity units' from other nature recovery projects.

2 Nutrient Neutrality requires developers in certain catchments to avoid increasing nutrient pollution in protected water bodies, either by reducing nutrient impacts on the site of the development, or by purchasing nutrient credits that fund mitigation activities elsewhere.

Source: National Audit Office analysis of the Department for Environment, Food & Rural Affairs' statements about the schemes

2.5 The initiatives set out in Figures 5 and 6 are rarely used in isolation. Land managers will often use a blended finance model which combines public money from Defra with private funding. Landowners may then offer biodiversity units or carbon credits for sale on the wider market.

Figure 6

Mechanisms and interventions to support and incentivise private investment in nature

The Department for Environment, Food & Rural Affairs uses public funding, financing, market-development and disclosure mechanisms to encourage organisations and individuals to contribute to nature recovery

Mechanism/ intervention and start year	Main participants	Purpose	Funding and aims	Intended outcomes
Blended finance				
Environmental Land Management scheme: Landscape Recovery, 2022	Farmers, landowners and private investors	Supports long-term large-scale projects which restore habitats, species or ecosystems.	Combines government and private funding, aiming to spread risk and develop alternative income streams.	Projects may generate sellable biodiversity units, nutrient credits or carbon credits.
Big Nature Impact Fund, 2022	Institutional and impact investors	Provides capital for projects such as woodland creation, peatland restoration or habitat creation.	Blends public and private capital, with Defra taking the higher risk position, aiming to encourage private investment in nature.	Aims to generate long-term revenue by selling biodiversity units or carbon credits.
Stimulation grants				
Environmental Land Management schemes, 2021: Sustainable Farming Incentive and Countryside Stewardship	Farmers and land managers	Encourages farmers to adopt sustainable farming practices or preserve specific habitats.	Government grants that may help stimulate additional investment or contributions.	Provides income for managing land with an environmental focus and may support participation in nature markets.
Natural Environment Investment Readiness Fund, 2021	Farmers, landowners and project developers	Provides grants and technical support to prepare nature projects for private investment.	Government grants, aiming to stimulate private investment.	Helps projects attract private investment or progress to other investment mechanisms (such as the Big Nature Impact Fund).
Local Investment in Natural Capital, 2023	Local authorities	Supports local authorities to attract private sector funding for natural capital projects.	Government funding to stimulate private purchases and contributions.	Aims to develop a pipeline of investment-ready projects and finance mechanisms.
Woodland Carbon Purchase Fund, proposed	Land managers	Proposed mechanism, to support private investment in woodland creation by making an advance commitment to buy woodland carbon credits.	Proposed government funding, aiming to stimulate private investment.	Proposed mechanism, aiming to provide more financial certainty and accelerate woodland creation.

Figure 6 *continued*
Mechanisms and interventions to support and incentivise private investment in nature

Mechanism/ intervention and start year	Main participants	Purpose	Funding and aims	Intended outcomes
Voluntary credit markets				
Woodland Carbon Code, 2011	Businesses	Enables businesses to compensate for unavoidable emissions or support net zero commitments.	The government funds the set-up and regulation of the scheme. Private organisations produce and buy credits.	Provides standards for the woodland carbon market, aiming to create a trustworthy and well-regulated market for businesses.
Peatland Code, 2015	Businesses	Enables businesses to compensate for unavoidable emissions or support net zero commitments.	The government funds the set-up and regulation. Private organisations produce and buy credits.	Provides standards for the peatland carbon market, aiming to create a trustworthy and well-regulated market for businesses.
Other initiatives				
Taskforce on Nature-related Financial Disclosures, 2021	Businesses, investors, funders and financial institutions	Provides organisations with a framework to identify, assess and disclose nature-related risks and opportunities.	Voluntary disclosure framework.	Aims to improve transparency and investor confidence.
Projects for Nature, 2023	Businesses	Connects businesses that want to donate to local nature recovery with validated projects.	Corporate donations and crowdfunded published donations.	Businesses have a trusted route to support nature recovery. Projects get private funding.
Water Industry National Environment Programme, 2025	Private water companies	Sets out the actions the government expects water companies to take to meet environmental and legislative requirements.	Regulatory requirement.	Creates demand for environmental projects that may attract private investment.

Note

1 This table only covers government-led initiatives. There are other non-government schemes which represent credit markets.

Source: National Audit Office analysis of the Department for Environment, Food & Rural Affairs' statements about the schemes

Progress

2.6 Defra does not collect data on amounts of private investment into nature. Collecting data on levels of private investment and funding can be useful for measuring progress. It can also help to demonstrate returns on investment to stakeholders and attract future funding. However, this is not a simple task. Defra told us it does not collect this data for the following reasons:

- There are limitations in the data available. Defra does not have full visibility of all transactions that occur between private businesses. There is no agreed definition of actions considered 'nature positive', and it is challenging to determine whether an outcome occurred because of a particular project or whether it would have happened anyway. The same activity or environmental outcome may also be recorded by multiple parties.

- Establishing a total figure for private investment in nature may not be meaningful, as volumes of investment may not be a good indicator of environmental improvement. A total figure will also not reflect actions taken to avoid and minimise nature loss in the first place – which the government's frameworks prioritise over causing harm and then correcting it.

2.7 The available data provide only a partial picture of the levels of private funding for nature. The below figures indicate current levels of private investment and payments through Defra's main schemes.

- **Biodiversity Net Gain:** A report by Biodiversity Units UK put its annual market size in England at £93 million as of July 2026.[10]

- **Woodland and Peatland codes:** These UK-wide voluntary markets have biodiversity benefits but the credits themselves relate to reducing carbon in line with the government's net zero targets. The code administrators reported total purchases of £31 million from 2020 to 2025, and £6 million from 2022 to 2025, respectively.

2.8 Academic research published in 2026 estimated that total UK public funding for biodiversity-related projects amounted to around £704 million in 2023-24.[11] The research also estimated the UK-wide private contributions to nature recovery amounted to around £142 million. The report acknowledged that producing an estimate for private funding and investment was challenging, and that the estimates represented an incomplete picture due to data limitations.

10 Biodiversity Units UK, The BNG Report Pricing and Key Insights, July 2026.
11 A Stuart and S O S E zu Ermgassen, 'Generating a national snapshot of all publicly reported investments in ecosystem and species conservation across public, private, and philanthropic finance', Ambio, August 2026.

Part Three

Challenges and opportunities

3.1 This part sets out a series of insights that we have identified as part of our work and which highlight both challenges and opportunities for The Department for Environment, Food & Rural Affairs (Defra) in making further progress with raising private funding and investment for nature. In pulling together these insights, we spoke to, and reviewed the work of, a wide range of businesses, academics, government organisations, industry bodies and environmental non-governmental organisations. We have brigaded our insights into three themes.

- Efforts to increase demand to pay for the benefits of nature recovery.
- Increasing the provision of private investment to fund nature recovery projects.
- Scaling up from smaller projects to large-scale nature recovery.

Further details of our methodology are set out in Appendix One.

Efforts to increase demand to pay for the benefits of nature recovery

3.2 The commercial success of any product or service requires high levels of demand which leads to sales and a return to investors. In principle, attracting private investment in nature recovery and developing nature markets is no different. Demand for the benefits of nature comes from, for example, businesses or local authorities who are either willing or required to pay for them. Some stakeholders told us it can be challenging to encourage people to pay for the benefits of nature. They attributed this to the difficulty of isolating the positive impact of a nature recovery project, alongside the perception of nature as a public good that simply exists.

3.3 Stakeholders consistently told us that stimulating demand and a willingness to pay for nature's benefits is where most focus is required to drive substantial private investment. In its framework for green investment, the Green Finance Institute states that "investors need confidence that demand exists, and revenues are secure," and that "too much supply before demand matures risks stalled pipelines and government intervention".

Insight 1: Getting more contributions from private businesses towards nature recovery may require innovative solutions. Arrangements from other infrastructure sectors could provide useful lessons and inspiration.

3.4 Infrastructure development in the UK is funded in a variety of ways, both the initial financing but also – crucially – how it is eventually paid for. Some infrastructure, such as projects that form National Highways' Road Investment Strategy, is built mainly with public funding (the main current exception being the Lower Thames Crossing). Funding models that initially use private investment are applied in other sectors, with a variety of ways that the initial funders are eventually paid back. **Figure 7** sets out some examples and ways these might be applied to nature recovery.

3.5 Increasing demand for nature credits from existing compliance markets also faces a number of challenges, such as the following.

- Stakeholders told us that, in the current compliance and regulatory markets, there is an oversupply of biodiversity credits but not yet enough buyers. Demand depends on the pace and volume of infrastructure and construction projects whose planning conditions require that they replace lost biodiversity or mitigate excess nutrients.
- The mitigation hierarchy for Biodiversity Net Gain (BNG) could affect the market for biodiversity units. This hierarchy encourages developers to replace biodiversity on or close to the development site, before buying credits produced elsewhere in the country. Stakeholders said this could result in fewer BNG units being created in more remote areas away from sites of commercial or residential development. There are benefits to restoring nature on-site, including in urban areas. However, some interviewees raised concerns about how effectively on-site BNG projects are monitored to ensure the benefits are sustained.
- Some developments are also exempt from BNG obligations to protect or restore nature, based on the size and type of development. From February to December 2024, more than 75% of applicants to the government's planning portal said the obligations did not apply to them. The most common exemption applied for was that the environmental impact would be below certain thresholds in the BNG rules.

Figure 7

Infrastructure funding approaches and their potential application to nature

Infrastructure funding models in other areas of government may offer lessons for nature recovery

Approach	Details	Possible application to nature
The Price Review process in the water industry	In the privatised water industry the costs of proposed infrastructure development are built into price increases for customers.	A more consistent use of nature-based solutions to water-related infrastructure challenges could result in more water companies contributing to nature recovery. However, it is difficult to determine who is a 'customer' of nature. In the USA, individual customers are charged admission to National Parks and conservation charities charge non-members admission to some sites.
The Regulated Asset Base (RAB) model	A financial and regulatory mechanism for funding the provision and maintenance of infrastructure, used in the rail, nuclear and water industries. A company receives a licence from a regulator to charge consumers a regulated price, which covers the cost of providing and maintaining the infrastructure. Investors can earn a predictable return in a timely manner.	Rather than identifying customers, this model would identify the beneficiaries of nature recovery. This could include water or insurance companies and local communities, and the application of a regulated fee to cover the cost of those benefits. This model would require government and regulatory intervention.
Mixed financing of the Crossrail Project	Funding for Crossrail came from central government, the Greater London Authority, Transport for London and the private sector. Private sector funding included a supplement on London business rates and direct contributions from organisations expected to benefit from the project, such as Heathrow Airport.	A similar levy for nature recovery projects would require identifying who would benefit and how. It would require government intervention either at a national, regional or local level. Identifying specific businesses that would particularly benefit would require a clear business case and negotiating approach to present to potential businesses.
Off-take contracts	Contracts where a buyer (the 'off-taker') agrees to buy goods or services from a producer (seller) for an agreed price and quality and to an agreed timeframe. They are applied in mining, agriculture and manufacturing. Payments are up-front and start before production to help finance the project from the start.	Identifying specific businesses that would benefit from a nature recovery project and who might be willing to sign an off-take agreement requires a clear business case and negotiating approach to present to potential businesses. The financing approach taken by Rebalance Earth at Broughton Sanctuary is based in part on off-take contracts (case example in Figure 8).

Source: National Audit Office analysis

Insight 2: Limited evidence on the commercial benefits of nature recovery risks discouraging businesses from being willing to pay, but there may be other ways to make the case for those who benefit to contribute.

3.6 Reliable data are often needed for confidence in nature markets. Interviewees told us that reliable information about what paying for nature recovery produced, and the impact and benefit it had, is critical. Stakeholders raised concerns with us that the scale of private money in the main current government schemes may have little impact on the overall level of nature recovery. They also said that, while schemes such as BNG are intended to lead to a net improvement to nature, the number of exemptions and challenges with validating outcomes may mean that the schemes do not lead to overall improvement. Part Two of this report describes the challenges that Defra faces with collecting data, and the limitations of any data that it does collect.

3.7 Participants need to understand environmental outcomes and financial performance to assess opportunities for funding. However, developing clear evidence and a financial case for how businesses and communities could benefit from nature recovery projects is challenging. Alternative approaches to both numerical data and qualitative evidence may be required. Defra has published blogs with case studies showing how nature has been restored using both public and private money. These do not go as far as setting out how specific businesses and communities stand to gain from benefits such as improved wellbeing and health, or improved resilience to extreme weather events. In the absence of perfect data and evaluative information, innovative approaches may be required. This could include:

- more widespread use and dissemination of real-life case studies from, for example, businesses in sectors like insurance, who have contributed to nature recovery because they expect to yield commercial benefits;
- testimony from businesses and communities who have benefitted from restored nature – whether funded with public and private money; or
- developing and disseminating plausible scenarios based on what data are available to demonstrate the benefits and feasibility of engaging with these schemes.

We have set out some examples of current nature recovery projects, with information on their funding models and the benefits they are expected to produce, in Figure 8 at the end of this part.

Insight 3: There are frameworks for businesses to report how risks from nature loss and climate change affect them financially, which could help increase their understanding of – and willingness to pay for – ways to mitigate those risks.

3.8 Driving demand to pay for nature restoration requires businesses to understand their nature-related dependencies, impacts, risks and opportunities. The Taskforce on Nature-related Financial Disclosures (TNFD), a global initiative, aims to support this by introducing a standardised risk management and disclosure framework. Defra, as one of the funding partners of the initiative, supports the framework in the UK. TNFD has the potential to help businesses inform themselves about nature-related risks, and prompt actions that might include contributing to nature recovery projects that would affect them in a positive way.

3.9 Stakeholders have told us that communication and education of businesses is crucial to demonstrating the benefits of paying for nature recovery. These financial disclosures provide a shared language that would allow suppliers to better communicate with businesses the opportunities available and the reasons to contribute.

3.10 The nature-related financial disclosures also represent a mechanism to align demand with other government goals. They are designed to align with the same Global Biodiversity Framework that underpins the UK's '30-by-30' commitment, the International Sustainability Standards Board (ISSB) and the Task Force on Climate-related Financial Disclosures (TCFD). Our November 2025 report on the application of TCFD in government found that it had the potential to deliver significant benefits for government bodies.[12] Extending these benefits to nature-related disclosures through TNFD may help prompt action. Our November 2026 report on insights from government bodies' TCFD disclosures highlighted flooding and wildfires as some of the main disclosed climate-related risks.[13] Defra considers that nature recovery can be an important mitigation for such risks. This suggests that the more established TCFD disclosures could facilitate investment in nature recovery.

12 Comptroller and Auditor General, *Implementation of climate-related reporting in central government annual reports*, Session 2024–2026, HC 1383, National Audit Office, November 2025. Available at: https://www.nao.org.uk/wp-content/uploads/2025/11/implementation-of-climate-related-reporting-in-central-government-annual-reports.pdf

13 Comptroller and Auditor General, *Government's climate risk: insights from 2025-26 disclosures*, Session 2026-27, HC 618, National Audit Office, November 2026. Available at: https://www.nao.org.uk/wp-content/uploads/2026/10/governments-climate-risk-insights-from-2025-26-disclosures.pdf

Increasing the provision of private investment to fund nature recovery projects

3.11 For investors to have confidence that there is a high likelihood of a return on their investment, they typically need:

- clarity on the different ways that they can invest; and
- an understanding of how they will be able to generate revenue in future, and assurance that this will remain sufficiently stable over time.

Insight 4: The range of different schemes and options for investing in nature recovery can be complex for investors and landowners, and further guidance from Defra could provide greater clarity and confidence.

3.12 Defra has introduced a variety of nature market schemes aimed at applying a value to natural goods: Woodland and Peatland codes for carbon, Nutrient Neutrality for water quality and Biodiversity Net Gain for biodiversity. Several more are being developed and the Woodland and Peatland codes are considering adding a biodiversity element. These codes often differ in their definitions, approaches and processes, meaning projects have to be carefully designed to work with different standards.

3.13 Current schemes also have different positions on 'stacking', which means generating and selling multiple environmental credits on the same piece of land. For example, a wetland restoration project is likely to have benefits to water quality, biodiversity and carbon sequestration. If this project can sell all three credits at once, it is called 'stacking' the benefits. This question is further complicated if public funding, such as agri-environment grants, were used to help fund the project. Currently, some Defra programmes such as Countryside Stewardship and Natural Flood Management grants exclude stacking, while other funding mechanisms are unclear, increasing complexity.

3.14 Stakeholders told us they would welcome sector standards for sales agreements, consistent rules on stacking and better harmonisation between markets. Defra has worked with the British Standards Institution to develop Nature Investment Standards aiming to address this issue. However, there is not yet sufficient take-up to judge the success of the standards. A clearer and more standardised picture could allow investors and suppliers to make better decisions about how they use the nature markets and schemes on offer.

Insight 5: Public funding or government guarantees can be targeted strategically, alongside private investment, to reduce risks and high up front costs in the early stages and potentially generate more private investment in the long run.

3.15 The need for private contributions to restoring nature does not mean that public funding does not still have a role. Blended financing comes with both risks (such as questions of what added value the public funding provides) and opportunities (such as stimulating and mobilising private investment) that Defra needs to balance.

3.16 The main role of public funding in this environment is to support and increase private contributions. Part Two shows examples where Defra has made good use of this approach, such as the Big Nature Impact Fund which acts as 'first loss' capital, helping to build investor confidence.

3.17 Blended finance routes sit alongside areas of direct public funding. Stakeholders told us that in some cases blended finance would have been possible but purely public funding was used. We also heard some examples of issues when easily accessible public funding has resulted in less interest from landowners in comparatively complex and difficult private investment opportunities. Defra's Farming Roadmap 2050, published in 2026, sets out its intent that the future role of Environmental Land Management grants will be to focus on environmental goods that private investment is not interested in funding.[14]

3.18 Grants are not the only mechanism for public funding to support private investment, and the government can also use loans and guarantees. Public finance institutions such as the National Wealth Fund and British Business Bank offer public loans and investments designed to stimulate climate change-related industries like green energy, and a similar framework could be applied to nature recovery as well.

14 UK Government, Farming Roadmap 2050: Growing England's Future, CP 1611, June 2026.

Insight 6: Investors generally want confidence that standards and markets will remain stable, which can be affected by policy uncertainty and unclear future demand.

3.19 Nature recovery projects often require investors and landowners to provide land and money for the long term. This can range from 30 years for BNG to 80–125 years for Nutrient Neutrality. This is particularly the case when landowners create woods and blanket bogs, such as in Lowther Estate, and the landscape recovery scheme at Boothby Wildland (see case examples in Figure 8).

3.20 Stakeholders we spoke to consistently told us that investors, funders and landowners need stable policy signals. They told us that frequent rule changes, consultations and changes in interpretations of requirements undermine confidence and willingness to be involved. For example, a research report on the Natural Environment Investment Readiness Fund found that uncertainty around emerging policy and regulation represented a considerable challenge to securing both buyers and sellers.[15] Stakeholders also pointed to changes to BNG policy within its first two years. These include additional exemptions of all developments smaller than 0.2 hectares. In addition, the October 2026 budget announced a new 1.5-hectare exemption for brownfield sites and there is an ongoing consultation on potential further changes.

3.21 Defra's 2023 *Nature markets: A framework for scaling up private investment in nature recovery and sustainable farming* sets out the importance for participants to have clarity and confidence in the principles and standards involved.[16] Long-term targets provide a sound basis for business and investment planning. The framework sets out the principles designed to ensure market integrity and to maximise societal outcomes from nature markets. Defra further committed to increasing stability in its Farming Roadmap 2050, including providing a clear and predictable policy direction to reduce risk and encourage long-term lending.[17]

Scaling up from smaller projects to large-scale nature recovery

3.22 There is some evidence that large institutional investors like pension funds and insurance companies are prepared to invest in nature recovery. For example, West Yorkshire Pension Fund has committed up to £25 million to investments across a pipeline of nature recovery projects (including the Broughton Sanctuary case example in Figure 8). This type of contribution could help generate the scale of investment that Defra is aiming for. Institutional investors have told us they need large-scale projects and long-term certainty to invest. Pension funds are traditionally interested in investing in infrastructure. Framing large-scale nature recovery projects as infrastructure can help them use existing investment frameworks, reducing uncertainty and risk.

15 Ecorys UK Limited, Evaluation of the Natural Environment Investment Readiness Fund, Final Report – Year 3 August 2024.
16 Department for Environment, Food & Rural Affairs, *Nature markets: A framework for scaling up investment in nature recovery and sustainable farming*, March 2023.
17 UK Government, Farming Roadmap 2050: Growing England's Future, CP 1611, June 2026.

Insight 7: There is opportunity to use Defra's various strategies, plans and frameworks, and successes from projects to date, to design more large-scale recovery projects to encourage demand and investment.

3.23 Stakeholders told us that many current nature projects and financing mechanisms are too small or risky to be of interest for large-scale investors. We also heard that investor appetite may improve where projects are pooled to aggregate outcomes. Delivery partners require sufficient financial expertise to understand the risk management requirements of institutional investors.

3.24 Investors like pension funds also have a fiduciary duty that drives their decision-making. They are interested in nature recovery for its potential to deliver long-term stable returns. Large-scale institutional investment in the supply of nature credits will require equally large and sustained demand for them, but stakeholders told us there are concerns this may not materialise.

3.25 Many of Defra's schemes have been successful but stakeholders have stressed that the number and complexity of the schemes means potential landowners and investors find it harder to understand what is available to them, and reduce the perceived long-term stability of investment in nature. The Land Use Framework and Farming Roadmap 2050 are both overarching strategies that help manage this issue.

3.26 Some landscape recovery projects such as Evenlode (case example in Figure 8) represent good examples of how private investment and funding in nature can work at scale. There is opportunity for Defra to take smaller-scale successes and initial large-scale pilot projects and combine the lessons from both to demonstrate progress and show stakeholders and potential investors stable and scalable opportunities.

Insight 8: Larger and more complex nature recovery projects require those delivering them to have the confidence and knowledge to change or diversify their business, which Defra and key stakeholders can support.

3.27 Participation in nature markets is a complex process, with barriers including limited knowledge, difficulty identifying buyers, and limited access to legal expertise. Large-scale nature recovery requires committed participation from a variety of landowners, land managers and project developers. Non-governmental organisations told us that many landowners need more support.

3.28 In our 2024 report on Defra's Farming and Countryside Programme, we highlighted the importance of advice and support to farmers, and that provision was not adequate to support them to make necessary changes to their businesses.[18] Good-quality advice is essential to the success of agri-environment grant schemes.

18 Comptroller and Auditor General, *The Farming and Countryside Programme*, Session 2024-25, HC 123, National Audit Office, June 2024. Available at: https://www.nao.org.uk/wp-content/uploads/2024/07/farming-and-countryside-programme-1.pdf.

3.29 Currently, non-governmental organisations provide much of the support and education available to landowners. They told us that being able to do this independently offers opportunities to apply different approaches to nature recovery. However, they also told us that it has been particularly burdensome for smaller and less established organisations. There is opportunity for Defra to work more closely with these organisations in providing support and advice.

Case examples

3.30 Figure 8 sets out four case examples of nature recovery projects that have involved private funding or investment. These may provide useful lessons and good practice that could be applied more widely.

Figure 8

Examples of nature recovery projects using private funding and investment

The examples illustrate the different funding models and approaches that are available, and the benefits and outcomes they may produce

Evenlode

The Evenlode Landscape Recovery covers over 3,000 hectares in the North East Cotswolds. It is led by a collective of more than 50 land managers and farmers. The nature finance company Great Yellow has provided advice on private investment and natural capital markets.

The farmer cluster aims to reverse habitat degradation and pollution in the area and build resilience for food production and local communities. Farmers are paid to restore habitats and biodiversity within the region. The objective is to recover Oxfordshire's and Gloucestershire's natural landscape in line with the Local Nature Recovery Strategies, manage flood and drought risk, and sequester 1 million tonnes of carbon dioxide equivalent over 30 years.

The project has used a blended finance approach to fund its activities. It initially secured philanthropic funding, and has cornerstone private finance resilience agreements with Network Rail, Scottish and Southern Electricity Networks and Thames Water. It has also been granted £100 million in government support through Environmental Land Management Schemes over a 20-year period and is offering biodiversity and carbon credits. Across 20 years, the project expects a total of £50 million of investment from the private sector and nature market contracts worth in excess of £100 million.

In its first 12 months, the project has created over six hectares of wetland and 75,000 cubic metres of water storage as well as over 30 hectares of strategic woodland creation. Additional benefits to funders include protecting local infrastructure from flooding via natural flood management.

Broughton Sanctuary

Broughton Sanctuary is a site on the edge of the Yorkshire Dales which has devoted some of its land to habitat and biodiversity restoration. Previously farmland, the site has been planted with 330,000 trees and the project has reintroduced native species such as beavers. It aims to restore biodiversity, sequester carbon, and mitigate flood risk. While the initial tree-planting scheme was funded by a government grant, Broughton Sanctuary is now primarily privately funded.

The project uses a partnership model for funding, working with Rebalance Earth to raise working capital. West Yorkshire Pension Fund has committed up to £25 million to a Rebalance Earth fund that invests across a pipeline of nature recovery projects, of which Broughton Sanctuary is one. Broughton Sanctuary also generates income from tourism in the form of holiday lets, tours of the estate (including the nature recovery elements) and nature-focused retreats. It also sells Woodland Carbon Code credits and intends to generate further income through the sale of biodiversity net gain (BNG) units and voluntary nature credits.

Figure 8 *continued*
Examples of nature recovery projects using private funding and investment

Lowther Estate

Since 2019, Lowther Estate in Cumbria has moved away from intensive agricultural practices towards more nature-positive management of the landscape. It aims to combine traditional farming, innovative conservation practices, and ambitious recovery projects to restore habitats.

It has replaced intensive livestock farming with grazing by native herbivores such as Tamworth pigs and Fell ponies. The estate has planted native trees, reintroduced species such as water voles and beavers, and restored wetlands and floodplains to slow the flow of water and reduce flood risks.

It uses a blended finance model and has used several government-funded schemes:

- Countryside Stewardship Higher Tier (part of the Environmental Land Management schemes) to create upland and lowland wood pasture and restore meadows, blanket bog and rivers; and
- England Woodland Creation Offer to create 51 hectares of woodland.

It generates, or intends to generate, revenue from private sources such as selling carbon and biodiversity units generated through woodland and other habitat creation.

Boothby Wildland

Boothby Wildland is a 617-hectare former arable farm in Lincolnshire. In 2021, Nattergal (a private nature restoration company) bought the site intending to rewild the land, restore habitats and ecosystems, and provide eco-tourism opportunities.

Boothby Wildland uses a blended finance model, combining public and private money. It was the first project to progress to the implementation phase of the Landscape Recovery Scheme, through which it has a contract for £12 million over three decades. It also sells natural capital products such as Biodiversity Net Gain units (BNG) and carbon credits, recently receiving £1 million up front from Arup (a major global engineering firm) for the latter. It has also raised £40 million from private sources.

The project has improved the hydrology on site by creating ponds, breaking land drains and restoring the river, and brought back some topographical diversity. Boothby's first impact report highlighted that biodiversity more than doubled between 2023 and 2025 and it had created over 4,000 cubic metres of additional water storage. It defines its wildlands as critical infrastructure which generate ecosystem services that build climate resilience, support water security, strengthen biodiversity and underpin long-term economic and societal stability. It has registered 1,413 biodiversity net gain units.

Source: National Audit Office analysis

Appendix One

Our audit approach

Our scope

1 This report examines how the Department for Environment, Food & Rural Affairs (Defra) seeks to encourage private funding and investment in nature recovery. It describes the role of private funding and investment, the principal mechanisms that Defra has introduced, and identifies challenges and opportunities for further progress. Our work was not designed to evaluate the effectiveness or value for money of each individual scheme. Instead, we examined the available evidence on progress and drew insights that may help Defra and its partners to develop their approach.

Our evidence base

2 Our findings and insights are based on evidence we collected and analysed between May and October 2026. Our main methods were a review of published and unpublished documents, analysis of published quantitative evidence, interviews with Defra and external stakeholders, and examination of four project examples.

Document review

3 We reviewed documents published by the government, academics, businesses, industry bodies and environmental non-governmental organisations. We aimed to understand the government's objectives for nature recovery, Defra's approach to encouraging private funding and investment, the mechanisms it has introduced, evidence of progress, and challenges identified by the government and external stakeholders. Examples of the documents we considered include:

- government strategies, plans and policy frameworks, including the *Environmental Improvement Plan*, *Nature markets framework, Mobilising Green Investment 2023*, Green Finance Strategy, Farming Roadmap 2050, 30-by-30 on land in England: Delivery plan, and *Land Use Framework for England*;
- published data and market information;
- academic research;
- reports and evaluations from businesses, industry bodies, and environmental non-governmental organisations.

4 We identified these documents through targeted searches, stakeholder recommendations, reference tracing and documents suggested by Defra. We reviewed the documents against the study's main areas of enquiry and used them to describe Defra's approach, assess the available evidence on progress, and identify themes for further investigation.

Analysis of published quantitative evidence

5 We reviewed published estimates and data on the amount of public and private funding for nature recovery. As there is no single agreed definition or comprehensive data source of private funding amounts, we used the available figures to illustrate the scale of the activity rather than produce a total estimate of private funding or investment.

Interviews

6 We carried out interviews with government bodies, businesses, charities, academics and industry groups between June and October 2026. Interviews were conducted online, by telephone or face-to face. We selected interviewees to capture perspectives from:

- Defra;
- four arm's-length bodies and other government departments;
- four investors and financial organisations;
- two landowners/land managers and organisations delivering nature recovery projects;
- one business participating in, or purchasing from, nature markets;
- two academics and subject specialists;
- three industry and professional bodies; and
- four environmental charities and non-governmental organisations.

We identified potential interviews through the document review, discussions with Defra, stakeholder recommendations, and the study team's existing knowledge.

7 Interviews explored Defra's approach, investors' motivations to pay for nature recovery, the operation of nature markets, barriers to attracting funding and investment, policy and market stability, project development, and opportunities to expand successful approaches.

8 We reviewed the themes raised in the interviews against the study's main areas of enquiry and used them to describe Defra's approach, assess the available evidence on progress and identify themes for further investigation. We compared the issues raised in the interviews with those highlighted in the document reviews.

9 The interviews were intended to capture a range of informed perspectives and were not designed to provide a statistically representative measure of stakeholder views. We therefore used the interviews to describe the range of views expressed rather than the prevalence of particular views.

Project examples

10 We examined four nature recovery projects that used private funding or investment: Evenlode, Broughton Sanctuary, Lowther Estate and Boothby Wildland. We selected these examples to illustrate different project types and funding approaches. Our work consisted of reviewing published documents and interviewing relevant organisations, where appropriate. We reviewed the evidence to understand each project's objectives, funding model, nature recovery activities, and reported or expected benefits. We did not select these examples as a representative sample of nature recovery projects, and we did not evaluate their effectiveness.

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