A review of green finance in the UK

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Exploring new approaches to investment in natural heritage and support for nature's recovery.

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As the UK's largest dedicated funder of heritage, we have a crucial role to play in helping protect and boost our natural heritage.

We know that collaborating with others in the sector is essential to this. Through collaborations, we want to support and encourage organisations to adapt to, trial and learn from new approaches and financing models.

We commissioned social enterprise Finance Earth to review the UK-wide green finance sector. This review will help the Heritage Fund and our peers learn from recent developments and innovations, and consider what strategic support could help unlock further private finance for natural heritage.

The report focuses on financing for nature-based solutions (NbS). NbS are the benefits that come from restoring nature to tackle environmental challenges, such as:

- re-wetting a peat blog to retain water in the uplands to reduce urban flooding downstream
- restoring a coastal grazing marsh to store carbon, preventing emission into the atmosphere while also reducing coastal erosion

Green finance offers new ways to create even greater impact, but it is currently underdeveloped in the UK. However, the opportunities it offers are strongly aligned to our priorities for natural heritage.

What we learned

Finance Earth explored the range of interventions needed to overcome barriers to the development of the NbS financing market across the UK. They used a combination of desktop research and market mapping, alongside surveys and one-to-one interviews.

The interventions range from proving the 'investability' of NbS projects and supporting organisations to develop capacity and relevant expertise, through to developing frameworks that can increase access to capital.

The report emphasises the importance of collaboration, investment readiness and enterprise support, as well as the availability of patient, flexible repayable finance to overcome the current barriers faced by organisations.

Working together to increase impact

Improving outcomes for natural heritage will require collaboration between the Heritage Fund, our key partners and other similar funders of land and nature across the UK.

By increasing access to and awareness of new forms of sustainable, impact focused finance, together we can:

- grow the number of sources and level of investment into the sector
- support longer term sustainability through building appropriate revenue creation into projects' design from the outset
- ensure that grant funding goes further, increasing impact and widening public benefit

Alexandra Roberts, Head of Innovation and New Business at the Heritage Fund, said: "This is a timely scoping report given the number of new initiatives emerging in this space at a critical moment for nature's recovery. We hope this market analysis will be useful for funders and environmental charities alike, and help support the continued development of the collaborations and partnerships needed to effectively protect and preserve our natural heritage."

Find out more

Download the report from this page to explore the full findings of our review of the UK's green finance sector.

Our research and evaluation

We regularly conduct research to discover what is happening in the heritage sector, and we evaluate our work to better understand the change we are making. Read more of our insight.



Insight



Landscapes, parks and nature