



Investing in Nature

A plan to support investment in biodiversity and climate adaptation in Scotland



Contents

Ministerial Foreword.....	3
Purpose and Aims.....	4
Context	4
Levers for change	5
Actions	7
Conclusion	10
Annex.....	11

Ministerial Foreword

The Global Climate Emergency and the Nature Emergency are twin reinforcing crises: the actions we take to address each are fundamental to our wellbeing and survival as a species. There is now an indisputable body of evidence that biodiversity, both globally and in Scotland, is in real trouble. Climate change threatens the survival of many plants and animals as well as our world-renowned landscapes. Yet, nature is one of the greatest and most precious tools at our disposal in building resilience to the impacts of climate change.

Our efforts to address the crisis to date have generated some lessons and local successes, but we urgently need to accelerate and scale up those efforts to drive landscape and seascape scale recovery.

Scotland's Biodiversity Strategy and National Adaptation Plan identify a suite of enabling conditions necessary for the successful delivery of our Vision and Outcomes. Those conditions for success include an Investment Plan which will set out the actions needed to mobilise public, private and philanthropic finance to deliver a nature positive future. The Scottish Government aims to develop natural capital markets that also deliver benefits for local communities and wider society, in line with Scotland's Just Transition principles and land reform objectives.

This Plan is the first iteration of that commitment.

Dr Alasdair Allan MSP, acting Minister for Climate Action



Purpose and Aims

This Biodiversity Investment Plan (the Plan) is a plan of action to support the creation of a nature finance system that enables funding and finance to flow into high integrity biodiversity outcomes.

It will support delivery of our [Strategic Biodiversity Framework](#) Vision and Outcomes, and the [Scottish National Adaptation Plan 3](#) (SNAP 3) by identifying practical actions which will help target both public and private investment on the delivery of biodiversity priorities.

These actions will be relevant to a range of organisations, emphasising that all sectors have a part to play, spanning the rural and urban, public, private and third sector and consider different contexts from land to sea, and a wide range of tenures including farmers, crofters and community landowners.

Context

The 2021 Dasgupta Review on the Economics of Biodiversity, commissioned by HM Treasury, demonstrates that our economy is embedded in nature, not external to it. Historically, nature and our natural assets have been overlooked in decision-making, often because nature's true worth to society has not been reflected in market prices. This has resulted in the degradation and sometimes even loss at local and regional scales of our natural assets, reducing their ability to provide the benefits from nature that we depend on and which underpin our society and economy. Degradation and loss of natural capital can also mean we are less resilient to changing climatic conditions¹.

¹ A strong ecosystem is needed to respond to climate change, providing benefits for cooling, water quality and flood management. The loss of

The Dasgupta review shows that our economy is fundamentally dependent on nature to supply the natural capital it needs and to absorb its wastes, including greenhouse gases. In response to this, Scotland's National Strategy for Economic Transformation (NSET) refers explicitly to natural capital. NSET recognises our natural environment, alongside its intrinsic value, as an asset that provide flows of ecosystem services (e.g. clean water, carbon storage, recreational opportunities) which benefit our society and economy: an asset that makes human life both possible and worth living. Framing the natural environment in this way emphasises the need to invest in and manage this asset within safe environmental limits so that we can continue to enjoy these benefits.

Biodiversity and climate adaptation are both place-based and our interventions must therefore recognise and account for local ecological and social conditions in order to support a just transition. Successful long-term nature investments must involve local communities and actors, be place-based and underpinned by responsible stewardship.

The [Scottish Biodiversity Strategy to 2045](#) ("SBS") contains 22 Outcomes which will demonstrate that its Vision for 2045 has been achieved. [Biodiversity: delivery plan 2024 to 2030](#) is the first Biodiversity Delivery Plan (the Delivery Plan) and contains over 100 actions which will set us on the path to delivering the Outcomes.

[Scotland's third National Adaptation Plan \(SNAP3\)](#) is closely linked to the SBS and includes many actions in the Delivery Plan. It sets out how Scottish Government and its partners plan to increase the resilience of our natural environment, economy, communities and

Scotland's peatlands for instance, will reduce benefits for flood resilience and water quality.

public services as well as how we are aligned with international frameworks. Nature is central to building climate resilience across Scotland, both in our urban and rural areas. SNAP3 includes measures to improve blue-green infrastructure, protect and enhance our natural carbon stores and build nature networks. Delivery of these actions and investment in nature are also investment in a climate resilient Scotland. As such, actions outlined in this Plan will also support the implementation of SNAP3.

The Plan sets out actions that will enable public, private and philanthropic investment to flow more effectively into nature restoration in a way that ensures it contributes to the delivery of SBS and SNAP3 priorities: through ecosystem restoration and species recovery programmes, nature networks and 30 by 30, as well as nature based solutions that contribute to climate adaptation, for example. This Plan identifies practical mechanisms and approaches that will guide investment towards these priorities.

The Plan was developed with input across a broad range of stakeholders and in parallel with engagement which informed the development of the [Natural Capital Market Framework](#) and public consultation on the SBS and Delivery Plan. It should be read alongside the Market Framework which provides guidance to investors, land managers, communities and other market participants. It provides links to tools and resources to develop natural capital projects that attract responsible private investment. It also highlights key interventions and developments expected by 2026 to strengthen Scotland's position as a leader in high integrity natural capital markets. Through this Market Framework, the Scottish Government seeks to align investment opportunities with national

priorities, ensuring that the benefits of natural capital are shared by all.

Levers for change

There has been a statutory requirement since 2004² (known as the biodiversity duty) on public-sector bodies and office-holders, including the Scottish Ministers, to further the conservation of biodiversity in exercising their functions, in line with the objectives of the SBS. A wide range of Scottish Government policies and other public sector initiatives already deliver positive outcomes for biodiversity.

Good progress has already been made through, for example, the fourth [National Planning Framework \(NPF4\)](#) and our [Vision for Agriculture](#), as well as initiatives such as the [Climate Change Plan](#), [Scottish National Adaptation Plan 3 \(SNAP3\)](#), the [Scottish Forestry Strategy](#) and [Peatland ACTION](#). Many of our public bodies have their own biodiversity strategies and policies. However, mainstreaming biodiversity more effectively so that a wider range of government policies have positive impacts and, where possible, to reduce or eliminate negative impacts, is a key aim of the SBS. A new imperative to take account of and address the collective impact of our policies on biodiversity is proposed by the introduction of statutory nature restoration targets through the Natural Environment Bill. This Strategic Framework for Biodiversity in Scotland also ensures we are keeping pace with our neighbours and well placed to deliver on our international commitments.

Alongside our policies, there is also a range of public sector funds which deliver significant levels of funding towards nature restoration and climate adaptation projects (see Annex³). For example, in recent years, these have included the

² [Nature Conservation \(Scotland\) Act 2004, section 1](#)

³ This list is not intended to be a comprehensive account of public funding for nature restoration

Peatland Action Programme, Nature Restoration Fund, Agriculture Transformation Fund, Vacant and Derelict Land Investment Programme, Agri-environment Climate Scheme, Scottish Marine Environment Enhancement Fund, and the Water Environment Fund. The combined precise value of these funding streams to biodiversity is difficult to quantify as such funds are often associated with specific policy initiatives which do not run to a parallel timescale. Much of the work of, and funding allocated for, our environmental public bodies (NatureScot⁴, SEPA, our National Park Authorities, the Royal Botanic Gardens, for example), also contributes directly to delivering our SBS Outcomes.

In addition to public funds, it has been reported by leaders of 116 UK civil society organisations, that there was a combined expenditure of nearly £673 million on environmental-related work in 2021⁵. The three main nature conservation categories (biodiversity and species, terrestrial ecosystems, coastal and marine ecosystems) account for 51% of all expenditure. Precise figures for third sector investment in Scotland have not been available.

⁴ NatureScot are formally known as Scottish Natural Heritage

⁵ [What-the-Green-Groups-Said-2021_online.pdf \(greenfunders.org\)](https://www.greenfunders.org/what-the-green-groups-said-2021)

Actions

Delivery of the actions contained in this Plan will provide tools to guide investment in biodiversity towards the aims of the SBS. The timescale for this plan matches the Delivery Plan 2024-2030:

Map the opportunity

- We will develop a **nature investment prospectus** that highlights the larger-scale opportunities for different sources of finance to enhance biodiversity.

Creating capacity

- We aim to address the **nature finance skills** gap and to create more capacity across sectors to enable access and use of a range of funding and finance sources.

Lead delivery

- We will use public sector skills and land to **speed up delivery and demonstrate good practice.**

Market Mechanisms

- We will develop an **Ecosystem Restoration Code** to help scale up responsible private investment in nature.

Act now

- We will facilitate strategic investment opportunities and mechanisms that enable the private sector to **deliver immediate and future biodiversity commitments.**

Mapping the Opportunity

Scottish Government will work with NatureScot on the development of a nature investment prospectus that highlights the larger-scale opportunities for different sources of finance to enhance biodiversity. In Scotland, there is currently no public-facing overview of the range of suitable biodiversity projects that could be used to promote SBS priorities such as nature networks, OECMs⁶, or peatland restoration projects.

Clearly presented spatial information about a range of biodiversity projects can help make the opportunities for nature investment visible and can guide decisions regarding the use of different types of funding and finance.

In 2025, NatureScot will produce a prospectus of the known landscape scale nature restoration projects in Scotland, informing investors of Scotland's priority landscape-scale nature restoration projects. The work will also help project developers and agencies identify where there are geographic gaps in nature restoration activity and to generate new projects and partnerships to fill those gaps.

NatureScot will lead on this project, with the support of Scottish Government officials and have already started to build a dataset of projects. The initial phase of work will scope the existing investment landscape and identify milestones and a timeline for deliverables. The second phase will identify a pipeline for longer term investment out to 2045. NatureScot will engage with stakeholders in early 2025 once the dataset and scoping phase are complete.

Creating Capacity

Our National Strategy for Economic Transformation (NSET) focuses on the

economic opportunity of restoring nature and investing in our natural capital and land-based economy. To increase the pace and scale of financing nature restoration we need expertise in nature finance as well as implementation and delivery of projects.

The creation of a nature finance skills development programme will result in a more skilled workforce that has the capacity and knowledge to deliver biodiversity projects. This is important for monitoring, reporting and verifying biodiversity restoration linked to investment, which will ensure outcomes are of a high environmental integrity. A report by the New Economic Foundation for the [Scottish Government's Environment Strategy](#) recommended developing green finance skills options to support the economic transformation to net zero and a nature-positive economy.

Scottish Government officials will lead on this project, commencing in 2025, by initially assessing the nature finance skills gap across public and third sectors; followed by identifying a programme and delivery partners for nature finance skills in Scotland.

Leading Delivery

NatureScot are working with officials from Forestry and Land Scotland (FLS) on a project to strengthen the role of publicly owned land in advancing Scotland's land use policy goals, particularly in addressing climate change and biodiversity. Terrestrial public land, including the Scottish Crown Estate, makes up 11% of Scotland and has an important role to play. This project aims to develop a framework of policies, financial mechanisms, measurement, data, and governance that will collectively accelerate land use policy delivery at the pace and scale needed to significantly

⁶ Other Effective (area-based) Conservation Measures (IUCN)

contribute to Scotland's climate change and biodiversity targets. A key focus will be on exploring financial mechanisms to support nature-based projects on public land, including opportunities for responsible private investment.

SNAP3 identifies the need to prioritise landscape scale approaches, often centred around a catchment, and to target nature based solutions where they can help reduce climate risks, such as flooding, water scarcity and deteriorating water quality.

NatureScot has recently commissioned the James Hutton Institute and SNIFFER to identify priorities for nature based catchment restoration. Reporting in March 2025 this work will help identify opportunities for businesses and infrastructure providers to invest in catchment restoration, alongside existing public funding streams. Throughout 2025/26 NatureScot will work with other agencies, and in particular SEPA and Scottish Water to prioritise catchments and attract private investment to those with the highest risks to climate change.

Scottish Government officials will lead on the development of this and work with its partners NatureScot and Forestry Land Scotland. The first phase of work will involve a scoping exercise of possible innovative financing mechanisms on public land by end of March 2025. Future work will demonstrate collaborative nature restoration across clusters of public land, working with neighbouring NGO's, private land holdings, community land holdings and other land tenures.

Market Mechanisms

Currently, the Woodland Carbon Code and Peatland Code support high-integrity private investment in woodland creation and peatland restoration, respectively. However, many other habitats across Scotland lack similar market mechanisms, limiting opportunities for

investment in biodiversity and ecosystem restoration.

To address this gap, the Scottish Government will explore the development of an Ecosystem Restoration Code. This code would ensure the high-integrity governance, measurement, reporting, and verification required to help channel responsible private investment into projects that enhance the structure, function, and resilience of ecosystems. By 2026 the Scottish Government aims to have fully tested options for a new ecosystem restoration code, including its objectives, ownership and governance structure, approach to monitoring, reporting and verification, and the process for nature credit issuance. The new code would be co-developed with stakeholders. The work will be informed by the outputs of the recently completed CivTech contract with CreditNature.

Our work to improve market mechanisms aligns with broader market trends, such as the growing influence of initiatives like the Taskforce on Nature-related Financial Disclosures (TNFD). As UK companies increasingly integrate nature-based solutions into their financial disclosure, transition planning, and supply chain management, the demand for voluntary biodiversity and nature markets is expected to rise. An Ecosystem Restoration Code would position Scotland as a leader in ensuring responsible private investment supports sustainable and high-integrity ecosystem restoration projects.

Act Now

Public sector organisations, by virtue of the biodiversity duty, are required to take account of biodiversity in exercising their functions. Some industries also invest in nature as a condition of doing business. For example, some private energy providers deliver biodiversity commitments as part of their corporate responsibility. There is increasing

demand for identifying opportunities for high growth sectors to find suitable biodiversity investment opportunities. Scotland's Private Investment in Natural Capital (PINC) programme will support industries with their investments into natural capital and will work with national and local partners, across both the private and public sector to develop sustainable, efficient processes and connect available funds with a pipeline of high integrity natural capital projects. We will do this by facilitating a process with public sector partners and the energy sector to maximise outcomes and investment into biodiversity to ensure the just transition to net zero benefits nature and communities.

Scottish Government officials will lead on the development of this project, with the first phase starting in 2025 involving working with private energy providers and public sector partners to identify the opportunities for investment.

The SBS identifies a range of conditions for success which need to be in place in order to achieve the Strategic Vision and Outcomes. Those conditions include ensuring sufficient investment, to support delivery of the Actions set out in the Delivery Plan. We will continue to develop the innovative finance mechanisms we have already put in place.

Through the Facility for Investment Ready Nature In Scotland (FIRNS), NatureScot and the National Lottery Heritage Fund have been funding a wide range of innovative finance mechanisms to bring new finance to nature restoration. During 2025/26 NatureScot will continue working with the FIRNS projects that have built a viable route to market to deliver new investment in nature restoration. For example, they will continue to support the first Landscape Enterprise Network in Scotland being developed around Loch Leven in Perth and Kinross, and seek to replicate this approach in other locations once the concept has been proven.

Conclusion

This Biodiversity Investment Plan is a first step in laying the groundwork for increased investment in biodiversity. The actions in this plan will be monitored through the SBS and PINC governance structures and work alongside the commitments in the natural capital market framework. Through the development of trusted investment mechanisms, in time, land managers and farmers will have access to a wider range of investment opportunities which support the SBS Outcomes.

Recent SG funds & finance mechanisms

Fund	Annualised spend
<p>Peatland ACTION Programme Established in 2020 to run to 2030</p> <p>In 2020 the Scottish Government committed £250 million over 10 years to restore 250,000 hectares of degraded peatlands.</p> <p>The Programme supports on the ground peatland restoration activities which play a role in tackling climate change. Peatland restoration activities can work in tandem with rural farming, sporting, tourism, crofting activity, and improve water quality whilst supporting nationally and internationally important biodiversity.</p> <p>Since 2020, 28,856 hectares have been restored through the Peatland ACTION programme.</p>	<p>2020-21: £8 million 2021-22: £14.6 million 2022-23: £17.3 million 2023-24: £27.9 million</p>
<p>Nature Restoration Fund (NRF) Established in 2021 to run to 2026</p> <p>The NRF makes available at least £65 million over five years to support the delivery of projects that restore Scotland's wildlife and habitats on land and at sea and address the twin crises of biodiversity loss and climate change. Projects must align with the objectives of the Scottish Biodiversity Strategy.</p>	<p>2021-22: £10 million 2022-23: £13.75 million 2023-24: £19.45 million 2024-25: £8.75 million 2025-26: £18 million</p>
<p>Agriculture Transformation Fund (ATF) Established in 2020 – ongoing</p> <p>The ATF underpins support for the agricultural sector to reduce greenhouse gas emissions, improve efficiency and enhance Scotland's natural environment through the period of transition.</p> <p>Support in 2020 and 2021 was provided to purchase a wide range of capital equipment. More recently ATF has helped the agricultural sector meet the obligations of the Water Framework Directive and for low emission spreading equipment and slurry store covers and the ATF has supported the provision of new slurry storage and irrigation lagoons.</p>	<p>2021-22: £20 million 2022-23: £5 million 2023-24: £5 million</p>

Fund	Annualised spend
<p>Vacant and Derelict Land Investment Programme (VDLIP) Established in 2021 to run to 2026</p> <p>The VDLIP offers funding to transform long-term vacant and derelict sites into use for community and environmental benefit enhancing places and regenerating communities, tackling disadvantage and inequality, helping meet climate change targets, attracting private investment and creating economic growth.</p>	<p>2021-22: £5,217,379 2022-23: £5,216,460 2023-24: £9,674,496 2024-25: predicted to spend £6.8 million</p>
<p>Agri-environment Climate Scheme (AECS) Established in 2014 – will run until at least 2026-27</p> <p>AECS is the Scottish Government’s single largest funding mechanism for environmental and sustainable land management. As part of the Scottish Rural Development Programme (SRDP) since 2015, it provides support to land managers to undertake actions relating to biodiversity, climate change, water quality and flooding, and to support organic farming, the historic environment and improving public access. To date a total of £317 million has been committed to 3,342 businesses.</p>	<p>2021: £31.04 million 2022: £25.2 million 2023: £30.57 million</p>
<p>Scottish Marine Environment Enhancement Fund (SMEEF) Established in 2021 (formal public launch May 2022) – ongoing</p> <p>SMEEF provides an opportunity for those using and benefiting from Scotland’s rich natural marine resources to re-invest in the health of the marine environment through projects and activities that recover, restore, or enhance the health of marine and coastal habitats and species.</p> <p>Since its launch in 2022, SMEEF has awarded £3.8 million (through a mixture of public and private contributions) to approximately 54 projects across Scotland.</p>	<p>2021-22: £2,156,122 2022-23: £845,588 2023-24: £290,811</p>

Fund	Annualised spend
<p>Water Environment Fund (WEF) Established in 2013 – ongoing</p> <p>The WEF directly supports water environment improvement works, as part of River Basin Management Planning, in urban and rural areas across Scotland. The Fund delivers river restoration projects which remove and ease barriers to migrating fish and create attractive and accessible green river corridors, improving the water environment for the mutual benefit of both the environment and local communities.</p>	<p>2020-21: £1.236 million 2021-22: £3.639 million 2022-23: £2.760 million</p>
<p>Forestry Grant Scheme (FGS) Established in 2015 – ongoing</p> <p>The FGS offers financial support for the creation of new woodland and the sustainable management of existing woodland. A range of support options cover planting, woodland protection, harvesting and more.</p>	<p>2023-24: £77.2 million 2024-25: £45.4 million</p>



© Crown copyright 2025

OGL

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-83691-064-0 (web only)

Published by The Scottish Government, February 2025

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1532650 (02/25)

W W W . g o v . s c o t