

Sustainable Investment Principles

Demographic questions

Name:

Ieuan Llyr Jones

Are you responding as an individual or as an organisation?

Organisation

Please give the name of the organisation you are responding on behalf of (if applicable)

National Landscapes Association

Are you or your organisation based in Wales?

Yes

Email

ieuan.jones@landscapesforlife.org.uk

Post code

SA3

If responding on behalf of an organisation, please indicate which of these bests represent your organisation (please select only one)

Third sector/charity

Do you or your organisation have a specific involvement in any of the primary sector fields (please select all that apply)?

Agriculture

Do you or your organisation have a specific involvement in any of the emissions sectors (please select all that apply)?

Agriculture

Forestry and land use

Does your organisation have a specific focus on any of the following (please select all that apply)?

Sustainability

Question 1 – What are your views on the proposed principles?

You may wish to consider:

How effectively the principles will influence decision making
How useful are these principles to different organisations
How organisations might use or apply these principles
Whether the principles have any gaps or omissions
The link between the principles and the Well-Being of Future Generations Act 2015.

Please provide your answer in the box below.

The National Landscapes Association strongly supports the Welsh Government's proposed Sustainable Investment Principles, as they provide a solid foundation for ensuring that nature-based finance is ethical, transparent, and delivers genuine environmental and social outcomes. These principles align closely with our own approach to sustainable investment, which is centered on creating high-quality, high-integrity projects that promote environmental resilience, community well-being, and long-term sustainability.

The principles will be highly effective in influencing decision-making across different sectors. By embedding requirements for verifiability, transparency, and community engagement, they help create a structured framework that ensures investments are not only environmentally sound but also socially responsible. This is particularly important for avoiding reputational risks like greenwashing, which can undermine public trust and investment in ecosystem services.

We commend the inclusion of provisions for integrated land use, which ensures that projects consider a broad range of environmental, social, and economic factors. This aligns with our belief that sustainable investment should generate co-benefits, such as improving biodiversity, enhancing resilience to climate change, and supporting local economies. For example, woodland creation or peatland restoration projects that aim to sequester carbon should also contribute to biodiversity enhancement, flood management, and sustainable land use practices.

The principles are also in strong alignment with Wales' legal commitments under the Well-being of Future Generations Act 2015, particularly the goal of achieving A Resilient Wales. This ensures that investments contribute directly to the sustainability of natural resources for future generations, safeguarding biodiversity and ecosystem services while providing economic benefits to local communities.

Potential Gaps or Omissions: While the principles are comprehensive, we recommend more explicit guidance on how these principles will be enforced across the public and private sectors. A more detailed framework on monitoring and compliance would ensure that stakeholders consistently apply these principles in a measurable and accountable way. Additionally, a stronger emphasis on the role of local governance and community-led initiatives could further enhance their practical application, ensuring that local knowledge and values are integrated into decision-making.

The principles could also benefit from a greater focus on addressing the challenges of smaller landholders and community groups in accessing green finance. In practice, large-scale investors are often better positioned to take advantage of ecosystem service markets, while smaller players may face barriers such as lack of capacity, knowledge, or upfront capital. Including specific measures to support these stakeholders, such as technical assistance programs or financial incentives, would make the principles more inclusive and help democratise access to green finance opportunities.

Overall Utility: The principles will be highly useful for organisations like ours, which are directly involved in nature recovery projects and the development of ecosystem service markets. For us, they provide a clear ethical and operational framework that complements our existing Green Finance Ethics Principles. They ensure that we, along with our partners, adhere to best practices when designing and implementing projects, whether they involve carbon sequestration, biodiversity enhancement, or water management initiatives.

These principles also offer an opportunity for greater alignment across multiple sectors, from government bodies to private investors and third-sector organisations, fostering collaboration and shared responsibility. By setting high standards for investment in Wales' natural resources, they not only encourage responsible investment but also signal to the wider public and stakeholders that Wales is committed to a sustainable and equitable approach to nature recovery.

Question 2 - What are your views on how the principles can be applied to delivering nature-based solutions and ecosystem services?

Please provide your answer in the box below.

The National Landscapes Association believes that the Welsh Government's Sustainable Investment Principles provide a strong foundation for effectively implementing nature-based solutions (NbS) and ecosystem services. The principles ensure that projects deliver tangible environmental and social benefits while maintaining high standards of transparency, accountability, and community engagement.

Application to Nature-Based Solutions

The principles encourage a holistic approach to nature-based solutions by emphasising integrated land use, which ensures that projects consider a wide range of co-benefits. For example, a woodland creation project should not only focus on carbon sequestration but also enhance biodiversity, contribute to natural flood management, and support community well-being. This comprehensive approach helps address multiple environmental and social challenges simultaneously, creating more resilient and impactful projects.

The emphasis on long-term sustainability and verifiable outcomes ensures that nature-based projects are designed to deliver measurable and lasting benefits. This is particularly important in the context of climate change, where interventions like peatland restoration or regenerative agriculture must be maintained over decades to ensure their effectiveness.

Supporting the Development of Ecosystem Service Markets

The principles provide a strong framework for building robust and high-integrity ecosystem service markets in Wales. By prioritising transparency, independent verification, and no double counting, the principles ensure that the ecosystem service credits generated by projects, such as carbon credits or biodiversity units, are credible and meet high standards of quality. This level of accountability is crucial for attracting investment and building confidence in Wales' ecosystem service markets.

For example, in the case of carbon credits generated from woodland creation or peatland restoration, the principles require that these credits be based on rigorous scientific measurement and verified by independent third parties. This helps prevent issues like overclaiming or greenwashing, which could undermine the credibility of the markets.

Community Engagement and Equitable Benefit Sharing

One of the key strengths of the principles is their focus on community engagement and equitable sharing of benefits. This ensures that nature-based solutions are not only environmentally effective but also socially inclusive. Engaging local communities early in the project development process and involving them in decision-making helps build trust and local support. It also ensures that communities benefit directly from nature recovery projects, whether through job creation, enhanced recreational opportunities, or improved access to ecosystem services like clean water and flood protection.

This approach is particularly important in rural areas, where communities often have a deep connection to the land and may have concerns about land use changes. Ensuring that projects contribute to both environmental and economic resilience is crucial for gaining community buy-in and ensuring long-term success.

Addressing Barriers and Risks

The principles also help address common barriers to implementing nature-based solutions, such as concerns about the economic viability of projects or fears of losing agricultural productivity. By emphasising the need for transparent communication, stakeholder engagement, and the delivery of multiple co-benefits, the principles reduce the risk of resistance from local communities and landowners. Additionally, the principles support the development of infrastructure, such as regional trading platforms and verification systems, which are essential for scaling up nature-based projects.

Recommendations for Enhancing the Principles

While the principles are comprehensive, the National Landscapes Association suggests that additional support be provided for smaller landowners and community-led projects, which often face higher barriers to participation. Specific financial mechanisms, such as micro-grants or capacity-building initiatives, could be introduced to help these stakeholders engage with nature recovery efforts and ecosystem service markets.

Question 3 – Do you agree or disagree that our proposed approach complements the values/standards of schemes and codes currently in use?

You may wish to consider these examples:

BSI's Nature Investment Programme UK Woodland Carbon Code The Peatland Code
Voluntary Nature Markets Principles Biodiversity Credit Alliance guidance Please provide
your answer in the box below.

The National Landscapes Association agrees that the Welsh Government's proposed Sustainable Investment Principles align well with existing values, standards, and codes used within the nature-based finance and ecosystem services sector. The principles provide a comprehensive framework that complements established schemes, such as the UK Woodland Carbon Code, the Peatland Code, and emerging voluntary standards for ecosystem services. This alignment strengthens Wales' position as a leader in sustainable investment while ensuring high levels of integrity and accountability.

Alignment with Existing Standards

The principles incorporate key elements such as verifiability, transparency, and additionality, which are fundamental to established codes like the Woodland Carbon Code and the Peatland Code. These schemes emphasise the importance of independently verified outcomes and credible measurement methods to ensure that carbon credits or biodiversity units generated by projects are real, measurable, and independently verified. The Welsh Government's focus on these elements ensures that all ecosystem service projects undertaken in Wales adhere to high standards of environmental and social integrity.

The principles' emphasis on no double counting and clear benefit-sharing mechanisms is particularly important for preventing issues such as overselling or misrepresenting credits, which could undermine the credibility of Wales' ecosystem service markets. This alignment ensures that investors, landowners, and other stakeholders have confidence in the integrity of the projects and the markets in which they participate.

Complementing the UK Woodland Carbon Code and Peatland Code

The UK Woodland Carbon Code and Peatland Code set high standards for carbon sequestration projects, ensuring that carbon credits are based on rigorous scientific methodologies and independent verification. The Welsh Government's principles, which also focus on measurable and verifiable outcomes, are well aligned with these codes. For example, the principles support a holistic approach to nature recovery by emphasising co-benefits such as biodiversity enhancement, water quality improvement, and community well-being alongside carbon sequestration.

The principles also fill gaps in existing standards by incorporating broader considerations of equity and community engagement. While the Woodland Carbon Code and Peatland Code primarily focus on environmental outcomes, the Welsh Government's principles ensure that nature recovery projects deliver broader social and economic benefits, supporting a more inclusive and community-centered approach to sustainable investment.

Aligning with Emerging Ecosystem Service Markets

The principles also align with emerging standards for voluntary nature markets and biodiversity credits, such as the Voluntary Nature Markets Principles and the Biodiversity Credit Alliance Guidance. These standards focus on ensuring that projects contribute to genuine biodiversity gains and adhere to high levels of transparency and accountability. By adopting similar values, the Welsh Government's principles support the development of robust, high-integrity ecosystem service markets in Wales.

Addressing Gaps in Current Schemes

While existing schemes are effective in guiding project implementation, they often lack specific requirements for early and meaningful community engagement. The Welsh Government's principles emphasise the need for best practice engagement and collaboration with local communities throughout the project lifecycle. This ensures that communities are not only consulted but actively involved in decision-making and benefit-sharing. This approach addresses a critical gap in existing standards, which tend to focus more on environmental outcomes than on social inclusion and community empowerment.

Additionally, the Welsh Government's principles introduce an explicit focus on integrated land use and the equitable sharing of benefits between public, private, and community interests. This ensures that nature recovery projects are not only environmentally sustainable but also socially and economically beneficial to local communities. These considerations are crucial for building trust and ensuring long-term support for nature recovery initiatives.

Strengthening Market Confidence

The principles provide a solid foundation for developing high-quality ecosystem service markets in Wales, fostering trust among investors and stakeholders by ensuring transparency, accountability, and ethical practices. The emphasis on values-led investment and long-term sustainability will help attract sustained investment and participation, supporting the growth of Wales' nature-based economy.

Question 4 – What are your views on our proposed approach to exploring sustainable finance in Wales?

Please provide your answer in the box below.

The National Landscapes Association supports the Welsh Government's proposed approach to sustainable finance as it effectively addresses the pressing need to diversify funding sources for nature recovery and ecosystem restoration. The focus on developing new financial models, creating an enabling environment for ecosystem service markets, and ensuring high integrity and transparency is essential to achieving the scale of nature recovery that Wales requires.

Recognising the Scale of the Challenge

The approach correctly acknowledges the scale of the nature recovery challenge in Wales, particularly the substantial funding gap of £5-7 billion identified over the next decade. Public funding alone is insufficient to meet biodiversity and climate goals, making it crucial to unlock new streams of finance from the private sector, philanthropic contributions, and community-led initiatives. The proposed strategy to attract private investment while ensuring high standards of accountability and ethical engagement is well-aligned with the National Landscapes Association's vision of promoting sustainable finance for environmental resilience and community well-being.

Creating an Enabling Environment for Sustainable Finance

The Welsh Government's proposal to create an enabling environment is vital for scaling up nature-based solutions (NbS) and ecosystem service markets. The key components of this approach include:

Market Infrastructure Development: Establishing regional trading platforms and registries for ecosystem services, such as carbon credits and biodiversity units, will make these markets more accessible and transparent. This infrastructure will help reduce transaction costs and create a more structured and reliable market, encouraging greater participation from smaller landowners and community groups.

Revenue Guarantee Mechanisms: Introducing revenue guarantees for ecosystem service markets will help de-risk nature-based projects and provide investors with confidence in the stability of returns. This mechanism will be particularly beneficial for encouraging private sector investment in high-impact projects, such as peatland restoration or woodland creation, by reducing perceived financial risks.

Best-In-Class Framework for Ecosystem Services: The establishment of a Welsh "Best-In-Class" framework for ecosystem service markets, which goes beyond existing voluntary standards, is a commendable initiative. This framework will ensure that projects deliver high-quality environmental and social outcomes, building trust and attracting long-term investment from institutional investors.

Promoting Values-Led Investment and Community Engagement

The focus on values-led investment ensures that sustainable finance initiatives in Wales are not only environmentally effective but also socially responsible. The principles of transparency, verifiability, and equitable benefit-sharing are essential for building trust with local communities and ensuring that they receive tangible benefits from nature recovery projects. This is particularly important in rural areas, where nature-based solutions can provide new economic opportunities and improve community well-being.

Supporting Nature-Based Solutions at Scale

The proposed approach emphasises the need to scale up nature-based solutions by linking them to ecosystem service markets. This includes developing markets for carbon credits from woodland and peatland restoration, biodiversity credits from habitat creation, and nutrient credits for improving water quality. Linking these projects to market-based mechanisms will enable them to attract significant private investment and contribute to national and international biodiversity and climate goals.

The strategy to expand ecosystem service markets is well-aligned with the National Landscapes Association's experience in promoting high-integrity, nature-based solutions that deliver multiple co-benefits, such as carbon sequestration, biodiversity enhancement, and improved water management.

Addressing Potential Barriers and Risks

While the proposed approach is strong, there are a few potential barriers that need to be addressed to

ensure success:

Lack of Awareness and Capacity: Many landowners and community groups lack the knowledge and capacity to engage with ecosystem service markets. Providing technical assistance and capacity-building programs will be crucial to enable broader participation.

Coordination with UK and Global Standards: It is essential to ensure that Wales' strategy is aligned with broader UK and global initiatives, such as the Nature Investment Standards Programme and the Global Biodiversity Framework. This alignment will enhance credibility and ensure consistency across borders.

Leveraging Innovation and Technology

Leveraging technology, such as remote sensing and digital platforms, can significantly enhance the implementation and monitoring of ecosystem service markets. Digital tools can streamline verification, improve transparency, and reduce transaction costs, making it easier for stakeholders to participate in ecosystem service markets.

Question 5 - What do you think are the barriers to preventing the people and communities of Wales from becoming involved in nature recovery?

Please provide your answer in the box below.

The National Landscapes Association has identified several key barriers that currently prevent people and communities in Wales from engaging more actively in nature recovery initiatives. These barriers include knowledge and capacity gaps, economic challenges, concerns around land use change, and limitations in market infrastructure. Addressing these barriers is crucial to enabling broader participation and ensuring the success of sustainable finance and nature-based solutions in Wales.

Knowledge and Awareness Gaps

One of the primary barriers is the lack of knowledge and awareness about nature recovery opportunities, ecosystem service markets, and sustainable finance. Many landowners, local communities, and small businesses are unaware of the potential benefits of engaging in nature recovery or do not know how to get started.

Limited understanding of ecosystem service markets: The complexities of trading carbon credits or biodiversity units are often unfamiliar to smaller landowners and community groups. This lack of understanding makes it difficult for these stakeholders to see how they can participate and benefit from nature recovery projects.

Absence of accessible guidance: Without clear, user-friendly information on how to develop and implement nature-based projects, many potential participants feel excluded from these opportunities. Providing accessible educational resources and outreach programs would help bridge this knowledge gap.

Capacity and Technical Expertise

Even when there is interest, many communities and landowners lack the technical expertise and capacity to engage meaningfully in nature recovery. Developing projects that generate ecosystem service credits, such as carbon or biodiversity credits, requires significant planning, technical know-how, and financial resources.

Limited access to technical assistance: The absence of targeted technical assistance programs leaves many smaller landowners and community groups unable to navigate the complex requirements of nature recovery projects. Offering support in the form of advisory services, capacity-building workshops, and project development funding could help address this barrier.

Economic Barriers and Lack of Upfront Funding

The economic costs associated with nature recovery projects present another major barrier, particularly for small landowners and economically disadvantaged communities. Engaging in nature-based solutions, such as woodland creation or regenerative farming, often involves high upfront costs that many stakeholders cannot afford without external support.

High initial costs: Costs related to changing land use, implementing sustainable practices, or restoring habitats can be prohibitive, particularly when immediate financial returns are uncertain. This economic barrier discourages participation, especially in communities where short-term financial stability is a priority.

Lack of financial incentives and revenue guarantees: While ecosystem service markets offer potential

long-term revenue, the absence of short-term financial incentives makes it challenging for stakeholders to commit to projects. Revenue guarantee mechanisms or upfront grants could help reduce financial risk and encourage participation.

Concerns Around Land Use Change

Concerns about the potential impacts of land use changes on traditional livelihoods and local economies present a significant barrier to community participation. Many landowners, particularly those involved in agriculture, fear that nature recovery projects could lead to the loss of productive agricultural land or restrictions on land use.

Fear of losing agricultural productivity: Shifting to nature recovery projects, such as rewilding or wetland restoration, can be seen as a threat to agricultural productivity and food security. These concerns can lead to resistance, especially when the benefits of nature recovery are not clearly communicated or perceived as outweighing the potential economic loss of farmland.

Limited Market Infrastructure

The lack of developed market infrastructure for ecosystem services in Wales is another barrier. While there is growing interest in ecosystem service markets, such as carbon credits and biodiversity units, the infrastructure needed to support these markets—such as trading platforms, registries, and verification systems—is still underdeveloped.

Fragmented and inaccessible markets: Smaller landowners and community groups often struggle to access ecosystem service markets due to their fragmented nature. Creating regional trading platforms and registries could make it easier for these stakeholders to participate and reduce transaction costs.

Regulatory Uncertainty

Uncertainty about future regulations and their impact on land use changes also discourages participation. Many landowners are unsure how upcoming policies, such as the Sustainable Farming Scheme, will affect their ability to engage in ecosystem service markets or nature-based projects.

Lack of clarity on compliance and incentives: Unclear regulatory frameworks create confusion around eligibility, compliance, and financial incentives, making it difficult for stakeholders to confidently engage in nature recovery.

Recommendations To overcome these barriers, the Welsh Government could:

Increase outreach and education to raise awareness of opportunities.

Provide targeted technical assistance and project development support.

Offer financial incentives and revenue guarantees to reduce economic risks.

Develop local market infrastructure and digital platforms for ecosystem service trading.

Ensure clear communication and engagement to address concerns around land use change.

Addressing these barriers would enable broader participation in nature recovery and support the development of sustainable finance markets in Wales.

Question 6: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

The National Landscapes Association acknowledges the comprehensive nature of the Welsh Government's Sustainable Investment Principles but highlights several additional strategic considerations that would further enhance their effectiveness. These considerations focus on long-term governance, support for small-scale projects, innovative finance mechanisms, building a nature-based economy, leveraging technology, and aligning with global and UK-wide standards.

Long-Term Governance and Oversight

The success of nature-based projects depends on having a clear governance framework to oversee the implementation, monitoring, and evaluation of ecosystem service markets and nature recovery initiatives. Establishing a dedicated body in Wales to regulate and support ecosystem service markets could help ensure that projects adhere to high standards of integrity and accountability. This body could provide guidance on the practical application of the principles, oversee the registration and verification of credits, and mitigate risks such as greenwashing or market manipulation. Ongoing reporting and evaluation mechanisms would maintain transparency and build trust among stakeholders, ensuring projects deliver measurable outcomes.

Supporting Small-Scale and Community-Led Projects

While the principles promote equitable benefit-sharing and community involvement, smaller-scale and community-led projects often face unique challenges that are not fully addressed. To foster greater participation, the Welsh Government could provide specific financial mechanisms, such as micro-grants or seed funding, to support small-scale projects. Additionally, promoting aggregation models—where small landowners and community groups pool resources to develop joint projects—would help

overcome barriers such as high transaction costs and economies of scale. This approach would enable smaller entities to generate marketable ecosystem service credits and participate in larger-scale initiatives.

Innovative Finance Mechanisms

The Welsh Government's focus on diversifying funding sources is a strong starting point, but there is an opportunity to further explore innovative finance mechanisms. Introducing instruments like green bonds or environmental impact bonds could provide upfront capital for large-scale nature recovery projects, with returns tied to the achievement of specific ecological outcomes. These bonds have been successfully used in other regions to attract investment and could play a significant role in addressing Wales' nature recovery financing gap. Additionally, expanding Payments for Ecosystem Services (PES) schemes that reward landowners for providing non-market ecosystem services, such as water purification and flood management, would further incentivise participation.

Building a Nature-Based Economy

Integrating nature-based solutions into Wales' broader economic strategy could create new economic opportunities, particularly in rural areas. Promoting nature-based tourism as part of the nature recovery strategy could generate revenue for local communities while raising awareness of conservation efforts. The Welsh Government could consider developing tourism-based revenue streams, such as entry fees for nature reserves or tourism levies, to fund nature recovery projects. In addition, nature-based projects offer significant potential for green job creation, such as in conservation, rewilding, or regenerative agriculture. Supporting training programs and capacity-building initiatives would ensure that Wales has a skilled workforce to support these projects and contribute to a sustainable, nature-based economy.

Leveraging Technology and Innovation

Technology can significantly enhance the implementation and monitoring of nature-based solutions. Utilising satellite imagery, drones, and remote sensing technologies can improve the efficiency and accuracy of monitoring ecosystem service outcomes, such as carbon sequestration or biodiversity gains. The Welsh Government could also support the development of digital platforms that facilitate the trading of ecosystem service credits, increasing transparency and reducing transaction costs. These innovations would strengthen Wales' ecosystem service markets and attract more investment by ensuring greater accountability and ease of access.

Aligning with Global and UK-Wide Initiatives

It is important that the principles align with broader UK and global initiatives related to sustainable finance and nature recovery, such as the Global Biodiversity Framework and the Nature Investment Standards Programme. Cross-border collaboration with other UK nations would create a larger, integrated market for ecosystem services, improving liquidity and attracting greater investment. Moreover, as international standards for nature-based solutions evolve, Wales must remain flexible and update its principles to align with the latest global best practices, ensuring continued competitiveness and relevance.

Submit your response

You are about to submit your response. Please ensure you are satisfied with the answers you have provided before sending.

If you want to receive a receipt of your response, please provide an email address.

Email address

ieuan.jones@landscapesforlife.org.uk