Tirweddau Cymru
Landscapes Wales

Welsh Government consultation response

Sustainable Investment Principles

Introduction:

Our eight Designated Landscapes (DLs) in Wales are working together in partnership as Tirweddau Cymru Landscapes Wales (TCLW). Our DLs have a critical role to play in the future of nature recovery in Wales, their designation recognises their value as landscapes and contribution to nature, culture and heritage. Our Designated Landscapes continue to be shaped by land owners, managers and farmers and are currently a key delivery mechanism for action on nature recovery and land use for net zero. A resilient and sustainable support system for delivering nature recovery at scale and pace is crucial for the future.

Tirweddau Cymru welcomes this consultation from Welsh Government developing a new approach to sustainable finance for nature's recovery, and acknowledges that there is still a lot of work to do in this area to support and progress sustainable finance in Wales. Tirweddau Cymru would welcome the opportunity to contribute to and collaborate with Welsh Government as this work develops. Given our track record as collaborators and land manager facilitators we believe that Tirweddau Cymru partners can provide invaluable input to inform the development and implementation of Sustainable Investment Principles for Wales. Bannau Brycheiniog National Park Authority has been supported by Welsh Government to recruit a Head of Natural Capital Developments, who will be driving the scale and pace of investigating, developing and piloting one or more natural capital trading platforms (NTPs) and payments for ecosystem services (PES) schemes. This post will commence in January 2025, providing knowledge transfer for Tirweddau Cymru.

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

Designated landscapes (DLs) are increasingly working to engage with green finance and private investment that is guided by the need to help in delivering the DLs' purposes, management plans and to protect the features that underpin their special qualities. We welcome an approach to sustainable investment principles that align with environmental stewardship and improving long-term ecological health of landscapes.

In line with the five ways of working, Sustainable Investment Principles must guide funding that can integrate nature recovery, while supporting local communities and enhancing ecosystem services.

While achieving net zero is mentioned in the consultation we feel it is not considered in enough details and fails to consider the need for a just transition (i.e., how we can protect against the risks of decarb activity leading to negative consequences for our communities). More detail is needed on approaches to creating and sharing benefits that benefit public, private and community interests, while also contributing to a just transition. While our preference would be locally led, foundational solutions for private finance than, for example, land purchase by large, absent, corporations, we would want to see any investor giving full consideration to the Act and the five ways of working.

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

The principles should prioritise investment in the protection of natural resources and ecosystems, aiming to maintain, enhance and restore biodiversity, enhance carbon sequestration, and protect water quality. Sustainable investment principles should guide investment in projects that contribute positively to long term environmental stewardship, such as habitat restoration, reforestation, and sustainable agriculture. To achieve this, restoration and conservation objectives for areas must be established first to clarify what must be achieved, measured and evaluated. This process must be undertaken in full collaboration with the affected stakeholders, for example farm cluster groups working with wider community partnerships and the relevant agencies, authorities and NGOs there. This process takes time.

Nature-Based Solutions

Having first defined and identified an area's nature based solutions and the landowners, farmers, foresters and water managers who will deliver them, the investment principles should promote the benefits of nature-based solutions to address challenges such as climate change (e.g., land use for net zero), flooding, and soil degradation. Outcomes from these solutions might include wetland restoration, peatland restoration, restoration of species-rich grassland and treescapes, and sustainable farming practices, providing both ecological benefits and economic returns, making them attractive to investors interested in green or ethical finance.

Supporting Local Economies

Investors must be encouraged to support local communities, particularly in DLs where rural economies frequently depend on agriculture, tourism, or artisanal industries. Especially when consideration is given to the economic multiplier effect of funding delivered in rural communities. The work by Bannau Brycheiniog National Park Authority's Head of Natural Capital Development will include investigating the feasibility of local natural capital and PES solutions, so that transparency, accountability and local benefits are maximised. Sustainable investments must seek to boost these sectors in a way that enhances local livelihoods while maintaining the integrity of the landscape. For example, regenerative tourism or sustainable farming can generate income while preserving natural assets.

Ethical and Responsible Investment

Sustainable investment principles must be ethical and should be central to their application. This includes saying no to funders that exploit workers or exploit and degrade natural resources, such as unsustainable logging, mining, or intensive farming. We would welcome Welsh Government setting clear criteria for what constitutes ethical and sustainable investment and ensuring that all financial activities are aligned both with the Well-being of Future Generations Act 2015 and the sustainable management of natural resources (Environment (Wales) Act 2016).

Public-Private Partnerships

Collaboration between WG, private investors, NGOs, and local stakeholders, in line with policy and local and regional objectives, is key to implementing sustainable investment in DLs. Such partnerships can mobilise capital for large-scale projects like ecosystem restoration, renewable energy, and infrastructure improvements that benefit both nature and society.

Climate Resilience and Adaptation

Sustainable investments in projects that focus on land use for net zero, and landscape and marine sensitive renewable energy solutions are relevant in DLs. We recommend further discussion with the Designated Landscape bodies to identify the relevant projects underway and feasible here.

Circular Economy and Foundational Economy Models

Circular economy approaches, which emphasise minimizing waste and making better use of resources, should be considered, as well as foundational approaches that maximise local understanding, employment and finance retention within the local economy. The principles should help guide investments on developing sustainable practices that reduce reliance on non-renewable resources, promote recycling, and increase the use of biodegradable materials.

Carbon Sequestration and Offsetting

DLs are vital for carbon sequestration through management of grasslands, treescapes, peatlands, and soils.

While carbon offsetting can bring financial benefits and help combat climate change, there are concerns about ensuring that these projects do not compromise biodiversity or local ecosystems. Sustainable investment principles must ensure that:

- Offset projects are carefully designed to avoid negative impacts on habitat quality or species conservation.
- The long-term sequestration of carbon, where the risk of "leakage" (where emissions are reduced in one area but increase in another) and the permanence of carbon storage (especially in ecosystems vulnerable to degradation or climate impacts) is addressed.

- Local communities are engaged in offsetting projects. Carbon projects should involve local stakeholders, ensuring that the benefits are shared with those who live and work in these areas, particularly in rural regions.

DLs are increasingly seen as ideal areas for piloting and demonstrating the viability of sustainable investment strategies. They offer real-world examples of how investment can support both nature recovery and sustainable economic development.

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

These schemes and codes are significant in providing a degree of assurance. We would welcome the option to consider the implications of having a wider range of these, which may help to ensure we can benefit a wider range of activities. We feel it is important to raise concerns regarding costs associated with some schemes and codes that can reduce the income received by land managers and communities. The Head of Natural Capital Development will investigate these and other models in the UK and abroad, as well as the feasibility of new solutions.

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

We welcome the support from Nature Networks Funding to support capacity in this area. We would seek reassurance that this is being balanced with the ongoing fund to support nature recovery through directly funded work; we are gearing up to explore blended finance.

We emphasis the need for strong governance and transparency of any investment groups or partnerships to ensure funds are used effectively and equitably. We would welcome more details on enforcement mechanisms to ensure that investments truly contribute to long-term environmental and social goals.

There should also be a focus on ensuring that Wales' distinctive needs—such as protecting its unique landscapes, culture, language and heritage—are represented in these broader collaborations.

Core funded work is central to the work of designated landscapes and their ability to delivery on the priorities expected of them.

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

We agree with the barriers identified in the [Finance Earth, Eunomia and RSPB Cymru report for the Welsh Government.] We see potential in exploring local, foundational natural capital models as a means to build confidence, understanding and traction.

Barriers for rural communities can include the changing demography or rural communities – depopulation and an ageing population, a lack of time due to many having to work multiple jobs to make a living, poor infrastructure with limited travel and access opportunities, all linked to rural poverty.

Nature conservation works, designated sites work but they have always been poor relations in public policy and finance and, therefore, were never enough to prevent nature's decline. Given that the principal reason why nature is in decline is because it's never been funded or supported sufficiently, we would like to draw attention to the issue of recruitment and lack of skills generally (not just in the ecosystem service market) – if these principles are to guide a successful and considerable scaling up in finance diversification and initiatives for landscapes we will need the people with the skills to deliver the work in order to address biodiversity loss, improve water quality and climate mitigation. This will need a cross service and policy approach – nature recovery sectors and further and higher education institutions across Wales in alignment.

There will be findings and recommendations from the Just Transition Framework work of Welsh Government and from the Anti-Racist Wales Action Plan for the environment, climate change and rural affairs, these will be relevant to barriers more widely and in relation to Principles that support an increase in engagement with nature, nature connection and pro-conservation behaviours in our communities in Wales. These findings could help inform and be further integrated into the Principles to drive equitable delivery.

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 Finance Earth, Eunomia and RSPB Cymru report contains a number of recommendations including pilot opportunities.

The DLs of Wales and their teams are well placed to share experience on their work with nature friendly farming and land management, and nature based solutions which all offer potential for investors. This includes the current recruitment at Bannau Brycheiniog National Park Authority for a Head of Natural Capital Developments, who will be driving the scale and pace of investigating, developing and piloting one or more natural capital trading platforms (NTPs) and payments for ecosystem services (PES) schemes.

DLs are crucial in delivering nature-based solutions, providing essential services, such as carbon sequestration, flood mitigation, and biodiversity conservation. However, they have the potential to offer even more by serving as key areas for targeting the Sustainable Farming Scheme blended with other finance and piloting projects aimed at supporting broader nature recovery efforts across a range of habitats across the landscapes.

By protecting and enhancing ecosystems within these landscapes, we can restore habitats, improve ecosystem services, and increase climate resilience. These areas can act as living laboratories for investing in methods of habitat restoration, species reintroduction, and sustainable land management practices. The knowledge gained from these pilot projects can then be scaled up and applied more broadly to other regions, contributing to the wider effort of reversing biodiversity loss and enhancing the natural environment, while supporting rural communities, culture and language.

We would welcome the consideration of the opportunities offered by the growth of marine energy development around the coast of Wales. These developments may provide some funding options and consideration of mechanisms to support both coastal communities and Marine Protected Areas.

There should be a focus on ensuring that Wales' distinctive needs—such as protecting its unique landscapes, culture, language and heritage—are represented.