

# TNC VIEW: BIODIVERSITY CREDITS

May 8, 2024

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## Overview

*TNC supports the creation of government-administered biodiversity crediting, offsetting, and certificate frameworks to scale-up private sector investment in biodiversity conservation. Specifically, TNC supports the generation of regulated “credits,” for use in mitigation compliance pursuant to programs that adhere to TNC’s Mitigation Principles. TNC would support creation of publicly-managed philanthropic “certificate” programs that implement defined and measurable National Targets adopted by governments as their national contributions to the Kunming-Montreal Global Biodiversity Framework (GBF); these publicly-managed “strategic biodiversity certificates” should not be used for offsetting purposes. Neither certificates, credits, nor offsets should be tradable financial instruments in global secondary markets, though they may be tradeable in secondary markets within a country or programmatic jurisdiction.*

Biodiversity credits can take different forms (see [Annex 1](#)):

- Compensatory Mitigation (Offsetting/Compensation) or Remediation Credits, Site-based – Regulated
- Compensatory Mitigation (Offsetting/Compensation) or Remediation Credits, Broader value chain usage – Regulated and Unregulated
- Biodiversity Uplift or Stewardship Credits - Unregulated
- Carbon credits with biodiversity co-benefits
- Strategic Biodiversity Certificates – Regulated

TNC has long endorsed the application of biodiversity **compensatory mitigation and offsetting as part of regulatory frameworks** used to implement the mitigation hierarchy in conjunction with a ‘no net loss’/‘net gain’ of biodiversity program goals at ecologically-relevant scales.<sup>1</sup> Offsets usually use site-level metrics and accounting and are carried out under government oversight or in accordance with Performance Standards adopted by international financial institutions. For TNC to support offset programs they should be government-administered, consistent with our [Mitigation Principles](#), and follow existing best practice recommendations (see Annex 5: [Resources](#)). TNC should encourage governments to develop robust offset methodologies and tracking systems where feasible, to cover new and existing business impacts across industries. Companies should strictly follow the Mitigation Hierarchy by avoiding, minimizing, and restoring any impacts, only using offsets as a last resort. Due to the place-based nature of biodiversity impacts, offsets should not be used for **broader value chain usage**, such as meeting zero deforestation targets or biodiversity-related targets across full company operations and sourcing. Due to their complexity, offsets are difficult to scale-up spatially and financially.

**Biodiversity uplift or stewardship credits (unregulated)** are *intended* to be different from offsets in that they are not supposed to be compensation for a buyer’s negative impacts elsewhere, but rather a mechanism to support species and ecosystem recovery<sup>2</sup>. However, the concept of a unit that can be purchased on the unregulated market fuels the misconception that an entity’s global biodiversity impacts can be accurately accounted for and compensated. It is a common mistake to interpret biodiversity credits and certificates as a parallel to the carbon markets space, but it is crucial to decouple these concepts entirely, as biodiversity values are localized, non-fungible and often irreplaceable. *TNC therefore does not support unregulated, globally traded biodiversity credits or financial instruments. TNC does support integration of biodiversity co-benefits within carbon credit standards.*

Measurement of biodiversity is inherently complex. Unlike carbon, biodiversity is non-fungible – biodiversity that is impacted or lost in one place cannot be replaced with improvements in biodiversity somewhere else. There is no single metric or credit unit that will effectively capture all characteristics and values<sup>3</sup> of biodiversity, or the wide variety of interventions that can contribute to its improvement in all geographies. TNC is actively involved in building the applied science to define and measure biodiversity benefit at multiple scales, and will continue to support global efforts towards clear, transparent, practical, and usable metrics. Comprehensive approaches to monitoring are necessary to track progress towards the Global Biodiversity Framework, including from mandatory and voluntary biodiversity programs.

### **Concept for Strategic Biodiversity Certificates/Credits**

TNC recognizes a need for a novel global framework for “credits” or (preferably) “**strategic biodiversity certificates**”<sup>4</sup> that is less onerous and more suited to countries where robust, regulated mitigation mechanisms are currently not feasible outside international financial institutions’ performance standards. Such a scheme could help to close the financing gap for the GBF where financing is most

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<sup>1</sup> See, for example, TNC’s work establishing such systems in Colombia and Mongolia, our support for UK Defra’s Biodiversity Net Gain regulations, and our direct participation in wetlands mitigation programs in the US.

<sup>2</sup> [Biodiversity Credit Markets: The role of law, regulation and policy](#)

<sup>3</sup> [Methodological assessment regarding the diverse conceptualization of multiple values of nature and its benefits, including biodiversity and ecosystem functions and services](#)

<sup>4</sup> This is the term used by UK Defra’s regulations for contributions to centrally managed biodiversity objectives when appropriate site-based options are not available. This seems somewhat analogous to what we are proposing here.

urgently needed. This type of mechanism would also be more appropriate and appealing for companies that wish to support conservation without incurring the risks associated with unregulated attempts to offset or compensate for site-specific or value chain impacts or make “net” type claims, across full portfolios and operations.

All 196 Parties to the UN Convention on Biological Diversity (CBD) have committed to submit National Targets reflecting their contribution to achievement of the [23 targets](#) of the Kunming-Montreal Global Biodiversity Framework (GBF). National Targets are to be submitted by COP16 (2024) to a public database managed by the CBD, along with the [metrics](#) used to measure their progress and the stakeholders that will be involved in implementation for each National Target. To provide some degree of conformity across biodiversity credits, we propose that credits, or “strategic biodiversity certificates” be linked to these **updated National Targets**. This would provide a strategic framework for private sector investment in conservation and create a hybrid between a tightly regulated, mandatory regime and an “anything goes” approach that is plagued by lack of government oversight, random claims, and a proliferation of measurement approaches. Certificates should complement, not substitute for, core government funding for conservation. Details will need to be addressed (potentially by the International Advisory Panel on Biodiversity Credits [IAPB]), including the application of the Conservation Hierarchy<sup>5</sup> by both national governments and buyers of strategic biodiversity certificates to ensure that these contributions finance true transition costs and support additional conservation benefits.

Using the GBF as the framework for a certificate mechanism would offer several advantages:

- Near-universal<sup>6</sup> governmental agreement on targets, which cover nearly all aspects of biodiversity, including ecosystem and species conservation and recovery, sustainable management of agriculture, forestry, and fisheries, and nature-based solutions.
- Existing requirement that National Targets have metrics and indicators based on the GBF approved monitoring framework, and that these metrics are formally submitted by countries to the United Nations Convention on Biological Diversity (UNCBD) and published in a public database on the CBD website.
- Required reporting by countries on implementation of their National Targets at regular intervals, including the participation of the private sector in the attainment of those targets—thereby providing opportunity to track, validate and report on private sector contributions to outcomes.
- Choice for companies on specific geographies to support, e.g. areas where they source or operate, and high conservation priority areas elsewhere, while still providing some consistency among them.
- Ability to aggregate and measure impact across the whole range of bioregions, ecosystems, species, and promote engagement by Indigenous Peoples and local communities and the transformation of production sectors. Using the global framework would permit assessment of the relative contribution of certificates/credits toward protecting or restoring these features, which can be shared by multiple countries or within countries across multiple jurisdictions. This aligns with corporate guidance on supporting multi-stakeholder landscape approaches to project development, impact monitoring, and claims.

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<sup>5</sup> [Four steps for the Earth: mainstreaming the post-2020 global biodiversity framework.](#)

<sup>6</sup> The United States is a signatory, but not a Party, to the CBD and is not bound by COP decisions.

**How strategic biodiversity certificates would work:**

The GBF lays out 23 different targets for NBSAP's, ranging from 30x30 to gender equality. As countries make their commitments, there will be opportunities for companies to fund specific projects or programs to advance progress toward the targets. If a company funds a project, the host country will update their CBD target database to reflect the impact of the project.

- A country establishes a national target as its contribution to one of the global GBF targets and issues certificates related to the indicators for that target (whether measured in ha, people served, etc.)
- Companies/investors support the GBF by buying certificates from one or more countries to support the aspects of biodiversity conservation (30x30, gender equity, IPLCs, etc.) that align with their geographic and thematic interests.
- If a company funds a project, the host country will update the CBD target database to reflect the impact of the project. It will also recognize the company's contribution in its required national reports to the Convention.

Please see [Annex 4](#) for illustrative examples.

Significantly, establishment of a global strategic biodiversity certificate framework that rests on National Targets will incentivize countries to define clear and measurable National Targets, and the action plans to achieve them, to attract private funds.

## Challenges

### Questionable Demand for Biodiversity Credits and Certificates

Any voluntary approach presents a question of what will drive demand for credits and certificates, which are not inherently necessary for companies to take action on biodiversity. TNC recommends that companies urgently reduce negative impacts and maximize positive outcomes for biodiversity and nature by 1) assessing their impacts, risks, dependencies, and opportunities, e.g., as may be required by voluntary and mandatory disclosure standards, including the Taskforce on Nature-related Financial Disclosures (TNFD); 2) setting ambitious science-driven targets; 3) taking action within their operations and value chains towards those targets and in accordance with the [Mitigation and Conservation Hierarchy](#); and 4) publicly disclosing on an annual basis.

In addition to the above, TNC would support companies in purchasing strategic biodiversity certificates to **fulfill a voluntary, philanthropic corporate commitment** to support a nature-positive world by 2030, by helping to finance the systemic change required to address biodiversity loss and realize that goal. Voluntary nature and biodiversity commitments can also help to promote long-term business sustainability through protection of biodiversity as a dependency underpinning a company's operations, and can play a role in reducing physical, transitional, and systemic risks.

Several studies have suggested high potential levels of demand for credits, but much of this may be driven by interest in compensating for negative impacts.<sup>7</sup> TNC is also seeing increased curiosity in biodiversity credits from corporate and investor partners for TNC-supported biodiversity credits; however, it is TNC's experience that much of this interest is founded upon optimistic expectations of the promise of biodiversity markets. We expect that demand in addressing the biodiversity crisis will continue to grow as societal and business norms continue to place greater pressure on the private

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<sup>7</sup> [Biodiversity Credits: Demand Analysis and Market Outlook](#)

sector. There is increasing momentum towards landscape and jurisdictional projects through voluntary corporate action, creating potential demand for credits and strategic biodiversity certificates aligned with multi-stakeholder initiatives at these scales, especially within supply chains. However, other existing mechanisms support companies in financing biodiversity programs, including competitive advantage, preferential offtake contracts, price premiums, and collective action. Without specific incentives it is unclear if standalone markets for biodiversity credits and certificates are sustainable and scalable. In the future, countries could develop new regulatory requirements or incentives to drive demand for biodiversity credits and certificates, for example tied the implementation of GBF Target 15, which requires mandatory nature-related disclosures for large and transnational companies and financial institutions.

#### Concern Regarding Claims/ “Greenwashing”

Buyers of biodiversity credits/certificates may attempt to use them to make claims regarding offsetting the local biodiversity impacts from their activities and value chains. Given the concerns that have been raised about offsets, a number of proposed frameworks for voluntary biodiversity markets do not allow the purchase of credits to offset impacts on biodiversity<sup>8</sup>, but some are considering allowing use for compensation purposes. In practice, without safeguards in place, companies are naturally incentivized to treat all biodiversity investments as offsets or compensation, and this may be hard to overcome. This may be particularly true in sectors where “net” biodiversity targets are common at the portfolio level. Guidance on this topic is expected to be developed by the Nature Positive Initiative, building off existing guidance that a single entity, such as a company, cannot be “nature positive” but can contribute to the global nature positive goal (to halt and reverse biodiversity loss by 2030)<sup>9</sup>. TNC has an important role to play in developing this guidance, as many stakeholders are reaching out to us for advice.

TNC encourages governments to develop clear guidance regarding the use of voluntary biodiversity credits and certificates. Purchasers of credits should only be able to make collective performance claims, based on the fact that support was provided, since the outcome (achievement of the National Target(s)) is dependent on multiple factors and investments by different stakeholders.

#### Variation in Ambition/Effectiveness across Countries

It is absolutely the case that the quality, effectiveness, and timeliness of strategic certificate-type investments will depend on national-to-local governance, economic factors, and other variable conditions in countries. Companies may make investments that are squandered; countries may propose weak targets that do not contribute much to the global effort. Some countries will develop rigorous crediting systems that are similar to mandatory offsets, while others will take a looser approach. Capacity building, information sharing and support for systems to track contributions and progress are crucial for the success of the GBF and any certificate framework built on it. While failures will occur, the best assurance of success is to have credits/finance directed at National Targets that have already been agreed through a national multistakeholder process and subject to the transparency the GBF monitoring, reporting and review systems provide.

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<sup>8</sup> e.g. Australia’s Nature Repair Market <https://www.dcceew.gov.au/environment/environmental-markets/nature-repair-market>

<sup>9</sup> [Principles for Nature Positive Measurability](#)

## Annex 1: Summary Table of TNC Stance by Mechanism

Type of Scheme	Compensatory Mitigation (Offsetting) or Remediation Credits - Regulated	Strategic Biodiversity "Certificates" - Regulated	Carbon credits with biodiversity co-benefits	Compensatory Mitigation (Offsetting) or Remediation Credits - Broader value chain usage	Biodiversity Uplift or Stewardship Credits - Unregulated
<b>TNC Support</b>	Yes, if consistent with TNC's <a href="#">Mitigation Principles</a>	Yes	Yes, if consistent with best practice for high-integrity carbon credits	No	No
<b>Demand Use Case</b>	Impacts from new infrastructure or extraction activities (e.g. mining, energy sector, land development), or other impacts accounted for under government-designed frameworks	Any company looking to improve global biodiversity outcomes - priority should be within value chain (insetting) and can also be beyond; can be proportional to revenue, total land footprint, or other*  Not meant to be compensation for the buyer's negative impacts	Companies looking to support both climate and biodiversity outcomes	New, ongoing, or recent impacts (e.g. conversion, degradation) within value chain	This is an area with significant emerging attention. While many emerging schemes state these credits should not be used for offsetting purposes, in practice they enable those uses
<b>Associated Claims</b>	Biodiversity "No Net Loss" or "Net Gain" at an ecologically relevant scale through new projects that adhere to the mitigation hierarchy	"Contributing to implementation of the Global Biodiversity Framework in support of a nature-positive future"; may also be framed as supporting aspects of nature that the company depends upon	"Investing in nature-based solutions with benefits for climate and biodiversity"	Zero Conversion, Net Zero Deforestation, Biodiversity "No Net Loss", Biodiversity "Net Gain"	Ranges from "Contributing to a Nature Positive world" to "Offsetting or compensating for X impacts to achieve Biodiversity Net Gain," which is not recommended due to lack of safeguards
<b>Degree of Government Involvement</b>	Government-administered program - could also be supported by regional policy frameworks (e.g. EU)	Government-administered program	Government-enabled	Government-enabled or voluntary	Unregulated
<b>Demand Driver</b>	Mandatory or Voluntary	Voluntary, with potential for emergence of regulatory requirements or incentives	Voluntary	Voluntary	Voluntary

<p><b>Type of Unit</b></p>	<p>Uplift or stewardship credit unit founded on science; "like-for-like"</p>	<p>Based on countries' National Targets and related indicators OR uplift or stewardship credit unit, as above</p>	<p>CO2 equivalent</p>	<p>Variable</p>	<p>Many units in development – many similar to "one hectare of restoration or conservation" – sometimes calculated through significance x condition x extent. Others include "% of avoided loss," "presence of indicator species"</p>
<p><b>Examples</b></p>	<p>TNC's has helped to establish such systems in Colombia and Mongolia, supported England's Biodiversity Net Gain Regulations, and directly participates in wetlands mitigation programs in several US states. The Greater Sage-Grouse Habitat Exchange is an example of a voluntary offsetting scheme. Terrasos habitat banks in Colombia fall into this category.</p>	<p>Australia's <i>Nature Repair Act 2023</i></p> <p>TNC-proposed Strategic Biodiversity Certificate</p> <p>England Biodiversity Net Gain Strategic Certificates</p>	<p>Climate, Community and Biodiversity (CCB) Standards, Plan Vivo Biodiversity+, Gold Standard with SDG 14 or 15 alignment</p>	<p>While no clear examples are easily identifiable, many "Biodiversity Stewardship or Uplift Credits – Unregulated" (see next column) are being marketed or potentially used by buyers to offset full value chain impacts, or to make insetting claims.</p>	<p>As currently envisioned: Verra SD VSta Nature Framework, Plan Vivo PV Nature, ValueNature, Terrasos VBCs, Organisation for Biodiversity Certificates, RePLANET, among others</p>
<p><b>Resources</b></p>	<p><a href="#">Exploring design principles for high integrity and scalable voluntary biodiversity credits</a></p> <p><a href="#">Credible biodiversity offsetting needs public national registers to confirm no net loss</a></p>	<p><a href="#">Four steps for the Earth: mainstreaming the post-2020 global biodiversity framework</a></p> <p><a href="#">A Global Mitigation Hierarchy for Nature Conservation</a></p>			<p><a href="#">Funding Nature: The Essential Role of Governments and the Illusion of Biodiversity Credits</a></p>

*\* Note: companies can also make these claims through other contributions apart from purchases of credits or certificates*

## Annex 2: Definitions

*Many definitions for biodiversity credits exist and they are not consistent. In practice, there is considerable variation in usage of these terms and their practical application. Just because something is called a “credit” is no guarantee that it is any different from an offset. Often, a credit is simply a unit of biodiversity value in the context of an offset program. Any public exposition of TNC’s position must be careful to clarify the operative definition at the time. We provide common definitions here taken from [Biodiversity Credit Markets: The role of law, regulation, and policy](#) that cover how we use the terms in this document.*

### **Biodiversity Offset**

“A tradeable unit that represents a positive biodiversity outcome achieved by a nature-based solutions project registered under a biodiversity offset scheme that is based on scientifically derived and measurable metrics for biodiversity, and which is used to offset an equivalent negative impact on biodiversity elsewhere **arising from project development** after appropriate prevention and mitigation measures have been taken in accordance with the mitigation hierarchy.”<sup>10</sup> Biodiversity offset markets may be mandatory or voluntary.

### **Biodiversity Credit**

**In the global context:** “A unit that represents a positive biodiversity outcome achieved by a nature-based solutions project registered under a biodiversity credit scheme that is based on scientifically derived and measurable metrics for biodiversity, and which is not used to offset an equivalent negative impact on biodiversity elsewhere.”<sup>11</sup> “Biodiversity credit schemes, unlike biodiversity offset schemes, are intended to facilitate private sector investment in the protection, regeneration and stewardship of nature only and are not associated with offsetting or compensating for a negative impact elsewhere.”

Significant global attention has emerged on the topic of voluntary biodiversity credits. Much of the framing of demand for credits in the voluntary market relates to compensation for impacts, even though it is commonly stated that biodiversity credits should not be used for offsetting.

**In the national context,** some countries and programs use credit units as the mechanism for measuring and implementing offsetting schemes, which may be mandatory or voluntary.

“The simplest version of a biodiversity credit is the name given to a **certificate/claim** indicating that an entity has done something, generally involving a financial contribution/investment, to protect or regenerate a defined biodiversity landscape.”<sup>12</sup>

### **Insetting Credits**

An application of biodiversity credits, “[i]nsetting credits (or claims) refers to an approach where companies or organisations undertake biodiversity conservation or restoration activities within their own operations or supply chains. Unlike offsetting, which involves compensating for negative impacts by supporting conservation projects outside of the company's direct operations, insetting focuses on integrating conservation efforts directly within the company's activities.”<sup>13</sup>

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<sup>10</sup> [Biodiversity Credit Markets: The role of law, regulation, and policy](#)

<sup>11</sup> [Biodiversity Credit Markets: The role of law, regulation, and policy](#)

<sup>12</sup> [Demand-side Sources and Motivation for Biodiversity Credits](#)

<sup>13</sup> [Harnessing Biodiversity Credits for People and Planet](#)



### Strategic Biodiversity Certificates

[TNC is proposing this as a new idea in this paper, although a similar concept exists at the national level in the Australia Nature Repair Market and as a component of UK’s Department of Environment, Food & Rural Affairs (DEFRA) Biodiversity Net Gain regulation.]

Strategic Biodiversity Certificates would be nationally- and/or globally-recognized and validated contributions to the implementation of National Targets as submitted to the CBD by countries as their contributions under the Global Biodiversity Framework. These certificates would reflect the buyers’ contributions to Global Target X as implemented in Y country. These would be tallied in national reporting to the CBD and ideally roll-up across each target at a global scale.

### Annex 3: Headline Indicators for Global Biodiversity Framework

The table below is taken from CBD Decision COP15/5. It lists only the current headline indicators, which are required for use in reporting. The full monitoring framework includes other optional indicators for components of targets or specific circumstances. Countries may also use supplementary national indicators. The indicator list, while it was adopted by COP15 in draft form, is being revised and updated by a technical expert group and will be submitted for final approval at COP16 in October 2024. We suggest many of these indicators could be used for a nationally-regulated and globally-recognized “strategic biodiversity certificate” issuance.

A. Goal/ Target <sup>[1]</sup>	Headline indicators <sup>[2]</sup>
A	A.1 Red List of Ecosystems A.2 Extent of natural ecosystems A.3 Red List Index A.4 The proportion of populations within species with an effective population size > 500
B <sup>b</sup>	B.1 Services provided by ecosystems*
C <sup>b</sup>	C.1 Indicator on monetary benefits received* C.2 Indicator on non-monetary benefits*
D	D.1 International public funding, including official development assistance (ODA) for conservation and sustainable use of biodiversity and ecosystems D.2 Domestic public funding on conservation and sustainable use of biodiversity and ecosystems D.3 Private funding (domestic and international) on conservation and sustainable use of biodiversity and ecosystems*
1 <sup>b</sup>	A.1 Red List of Ecosystems A.2 Extent of natural ecosystems 1.1 Percentage of land and sea area covered by biodiversity-inclusive spatial plans*
2	2.2 Area under restoration*
3	3.1 Coverage of protected areas and other effective area-based conservation measures
4	A.3 Red list Index A.4 The proportion of populations within species with an effective population size > 500

5	5.1 Proportion of fish stocks within biologically sustainable levels
6 <sup>b</sup>	6.1 Rate of invasive alien species establishment
7	7.1 Index of coastal eutrophication potential 7.2 Pesticide environment concentration*
8 <sup>b</sup>	-
9 <sup>b</sup>	9.1 Benefits from the sustainable use of wild species* 9.2 Percentage of the population in traditional occupations*
10	10.1 Proportion of agricultural area under productive and sustainable agriculture 10.2 Progress towards sustainable forest management
11	B.1 Services provided by ecosystems*
12 <sup>b</sup>	12.1 Average share of the built-up area of cities that is green/blue space for public use for all
13 <sup>b</sup>	C.1 Indicator on monetary benefits received* C.2 Indicator on non-monetary benefits*
14 <sup>b</sup>	-
15 <sup>b</sup>	15.1 Number of companies reporting on disclosures of risks, dependencies and impacts on biodiversity*
16 <sup>b</sup>	-
17 <sup>b</sup>	-
18	18.1 Positive incentives in place to promote biodiversity conservation and sustainable use 18.2 Value of subsidies and other incentives harmful to biodiversity that have been eliminated, phased out or reformed
19	D.1 International public funding, including official development assistance (ODA) for conservation and sustainable use of biodiversity and ecosystems D.2 Domestic public funding on conservation and sustainable use of biodiversity and ecosystems D.3 Private funding (domestic and international) on conservation and sustainable use of biodiversity and ecosystems*
20	-
21	21.1 Indicator on biodiversity information for monitoring the Kunming-Montreal Global Biodiversity Framework
22 <sup>b</sup>	-
23 <sup>b</sup>	-

<sup>[1]</sup> For goals or targets marked with <sup>b</sup>: a binary indicator was proposed for inclusion for this goal or target and will be further considered by the Ad Hoc Technical Expert Group.

<sup>[2]</sup> Indicators marked with an asterisk (\*): an agreed up-to-date methodology does not exist for this indicator. The Ad Hoc Technical Expert Group will work with partners to guide the development of these indicators.

## Annex 4: Illustrations of how Strategic Biodiversity Certificates Might Work

*Example 1:* Global Target #23 calls for **gender equality in implementation of the GBF**. This target is measured through 9 indicators that will be compiled globally.

- Country A sets a National Target to **increase the proportion of women on rural village councils** (responsible for natural resource management) from 15 % to 50% as its contribution to Global Target #23. Country A submits this target to the CBD National Target database; it also states it will use Component Indicator 1 (*Proportion of seats held by women in national and local governments*) to measure progress.
- Country A prepares its National Biodiversity Strategies and Action Plan (NBSAP), which identifies the steps needed to attain this National Target (training, outreach, capacity building, etc.); it also prepares its National Biodiversity Finance Plan (NBFP), which identifies the costs of implementing these steps, the sources of funding, and any finance gaps.
- Country A's NBSAP identifies that 1000 community organizers will need to be funded and trained to build capacity across 2500 rural villages. The NBFP estimates this will cost an additional \$10 million between now and 2030. The government **issues certificates equivalent to 1% of total program costs** to fund its National Target.
- **Corporation ABC sources agricultural inputs from Country A and would like to demonstrate its commitment to gender equity.** It decides it should support 10% of Country A's National Target on gender in biodiversity. It provides \$1 million to a fund that will go to support implementation of National Target 23 and receives 10 "Target 23" certificates. **Country A updates the CBD Target database** to indicate Corporation ABC is supporting implementation of the target.
- Country A aggregates the support from Corporation ABC and other donors and uses the funds to **contract an entity to staff and implement** the program.
- Country A submits its **National Reports on Implementation** to the CBD in 2026 and 2029 as required, that show an increase in women's representation to 20% (in 2026) and to 40% (in 2029). The **report acknowledges the support of Corporation ABC** in this progress.
- Corporation ABC publicizes its support for Country A's gender equity advancements as soon as it purchases certificates and can point to the CBD Target database and National Reports to substantiate these claims. The CBD further acknowledges these claims in its global assessment of progress on Target 23. Corporation ABC can report on its Target 23 certificate purchases from Country A or multiple countries, supplemented by additional details, as part of annual sustainability disclosures and in tracking progress towards a corporate commitment.

*Example 2:* Global Target #3 calls for **30% of land, waters, and seas to be conserved by 2030 ("30x30")**. This target is measured through 1 headline indicator and 23 other indicators to be compiled globally.

- Country Z's parks exceed the global benchmark as a straight area measure, but many designated protected areas are under-funded, depleted of wildlife and suffer from fragmented natural resource management across ministries and levels of government. The **government sets a National Target to improve management effectiveness across 200,000 km<sup>2</sup> of terrestrial protected areas and 2,000 km of rivers, most of which is designated Indigenous and traditional territory.** It will measure progress using the GBF's *Protected area and OECM management effectiveness (MEPCA)* indicator for these areas.
- **Country Z's NBSAP determines that establishing better co-management structures and capacity that empower Indigenous People and local communities is necessary to improve the effectiveness of these areas and to provide revenues for sustainable management through tourism, hunting and improving business opportunities for Indigenous People and local**

**communities.** The NBFP determines an initial 5-year investment of \$100 million will be needed to transform these structures and establish the basis for more effective management. **It issues National Target 3 certificates denominated in hectares or linear km (for river systems)** that represent the area to be improved by each new co-management structure.

- **Company XYZ wants to support 30x30 globally** and decides it will invest in 3 countries, including Country Z, because it likes Country Z’s emphasis on community engagement and because its business operations in those jurisdictions have been identified as priorities following a nature assessment. It buys 100 of Country Z’s Target 3 certificates, supporting improved management of 1000 km<sup>2</sup> of the country’s protected areas.
- Country Z acknowledges Company XYZ’s contributions to its National Target 3 in the CBD Target database and in its National Reports in 2026 and 2029.
- **Company XYZ touts its support for Global Target 3 and this support is recorded by the CBD within its target database and global assessment on progress for its role in Country Z and the other countries whose Target 3 certificates it purchased.** Company XYZ reports on its certificate purchases and can also make a claim about “**contributing to** the improvement management of 5000 km<sup>2</sup> through its certificate purchases in 3 countries,” counting towards its corporate commitment to contribute to the improved management of 10000 km<sup>2</sup> by 2030.

## Annex 5: Sources Cited and Additional Resources

### Best Practice for Design of Offset, Credit, and Certificate Programs

1. Arlidge, W.N. *et al.* [A global mitigation hierarchy for nature conservation](#). *BioScience*, **68(5)**, 336-347 (2018).
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3. ISEAL Alliance. [Joint landscape position papers](#) (2022/2023).
4. IUCN. [Biodiversity Offsets Issues Brief](#) (2016).
5. Katic, P. G., Cerretelli, S., Hagggar, J., Santika, T. & Walsh, C. [Mainstreaming biodiversity in business decisions: Taking stock of tools and gaps](#). *Biol. Conserv.* **277**, 109831 (2023).
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7. McKenney, B. & Wilkinson, J. (TNC). [Achieving Conservation and Development: 10 principles for applying the mitigation hierarchy](#) (2015).
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9. Nature Positive Initiative. [Principles for nature-positive measurability](#) (2022).
10. Sochi, K., & Kiesecker, J. [Optimizing regulatory requirements to aid in the implementation of compensatory mitigation](#). *Journal of Applied Ecology*, **53(2)**, 317-322 (2016).

**Background on Biodiversity Credit Markets**

1. Biodiversity Credit Alliance. [Demand-side Sources and Motivation for Biodiversity Credits](#) (2023).
2. Carbone4 and NatureFinance. [Harnessing Biodiversity Credits for People and Planet](#) (2023).
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7. World Economic Forum. [Biodiversity Credits: Unlocking Financial Markets for Nature-Positive Outcomes](#) (2022).
8. World Economic Forum, [Biodiversity Credits: Demand analysis and market outlook](#). Insight Report. (2023).