



WWF Position Voluntary Biodiversity Credits

Summary

Biodiversity Credits are a relatively new concept, appearing in Target 19 of the Kunming Montreal Global Biodiversity Framework. Since then, significant momentum has emerged on the topic.

WWF defines a biodiversity credit as *“a certificate that represents a measured and evidence-based positive biodiversity outcome from nature restoration, conservation or stewardship activities, that is not purchased for the purpose of offsetting residual negative impacts caused to biodiversity.”*

WWF recognizes both the role that Voluntary Biodiversity Credits (VBCs) could play in biodiversity conservation, and the potential risks of such an instrument.

WWF will not develop, endorse, promote or encourage sale of VBCs unless clear conditions are met for:

1. Biodiversity credits buyers: no offsetting, strict buyer eligibility criteria, robust buyers claims and no secondary market trading;
2. Biodiversity credits projects: respect and uphold human rights, the rights of Indigenous Peoples and Local Communities and other rights holders directly or indirectly affected by projects, focus on areas of highest importance for biodiversity, contribute to national or sub-national biodiversity priorities, achieve and measure demonstrated biodiversity outcomes, apply practical and flexible principles for demonstrating additionality and durability;
3. Adequate governance arrangements in place for both buyers and projects.

Biodiversity credits are evolving rapidly, meaning WWF may need to continuously update this Position

Introduction and Context

The estimated biodiversity finance gap is US\$700 billion a year.¹ The Kunming-Montreal Global Biodiversity Framework (KM GBF) specifically calls on the public and private sectors to mobilize at least \$200 billion per year for biodiversity from all sources by 2030, including at least \$30 billion through international financing to developing countries.² One of the solutions suggested in the KM GBF (Target 19-d) is to *“stimulate innovative schemes such as payment for ecosystem services, green bonds, biodiversity offsets and credits, benefit-sharing mechanisms, with environmental and social safeguards”*.

¹ [Financing Nature: Closing the Global Biodiversity Financing Gap](#). Paulson Institute, 2020

² [GBF Target 19](#)

Since the adoption of the KM GBF, many corporates, financial institutions and policy makers have engaged in the topic of voluntary biodiversity credits (VBCs). Whilst the market remains nascent, early governance principles can be found here,³ and an overview of schemes and pilots can be found here.⁴ An emerging VBC market should not in any way reduce the significant obligation governments have made to mobilise resources for KM GBF implementation.

The World Economic Forum (WEF) estimates that, with effective progress on multiple fronts including governance, global demand for VBCs could reach \$2 billion in 2030 and \$69 billion by 2050.⁵ With less effective progress this reduces to \$760 million in 2030 and \$6 billion by 2050. All these estimates come with a high degree of uncertainty.

Without specific incentives for buyers, it is unclear if a market for biodiversity credits will be significant, sustainable and/or scalable. In the future, countries could develop regulatory requirements or incentives to drive demand for biodiversity credits. Given this position covers Voluntary Biodiversity Credits, if regulation does arise significantly in future, a complementary WWF position on regulated biodiversity credits may be developed.

WWF is engaging in a small number of pilot projects and participating in discussions around market integrity and believes any VBC market should work fairly for both nature and people. However, there is no global agreement on the definition and use of VBCs, with numerous different opinions on how these mechanisms should work. This lack of guidance could lead to the development of low quality projects, with no or limited benefit to Indigenous Peoples and Local Communities (IPs and LCs) who manage a vast amount of the world's biodiversity, as well as potential negative impacts on IP and LC lands and territories, resources, and their rights. Other criticisms of VBCs are based on; risks of green washing and offsetting, land conflicts, commodification of nature, unpredictable revenues, challenges in defining appropriate and tradable units, challenges of achieving permanence and limited additionality, risk of unclear verification and overall governance measures.

WWF appreciates the risks of commodification of nature, and prioritises viewing nature conservation as a public good.

This position builds on the many lessons learned from carbon markets, and was developed in consultation with the WWF Carbon Finance and Markets Task Force. It also draws from the WWF Freshwater Practice's experiences with water credits, including Replenish work with companies.

All financial instruments need to be considered and used independently or collectively, depending on the local context. WWF does not favor VBCs over other ways to finance conservation and restoration, but it remains important to define WWF's position given their potential to generate funding for biodiversity conservation, the potential risks associated with the mechanism, the profile of biodiversity credits, and the current lack of clarity.

Note that this position covers biodiversity credits, which are generally understood as a mechanism that should not be used to offset or compensate residual negative impacts on biodiversity, as evidenced in a variety of documentation.⁶ Biodiversity offsets have existed since the 1970s as a mechanism to offset residual negative impacts on biodiversity and are required by both many financial institutions and government regulations as the last step in the biodiversity mitigation hierarchy. A WWF's position on biodiversity offsets was adopted in 2012.

There is now some confusion in terminology, with some stakeholders using the term biodiversity credits to refer to what would normally be considered offsets (i.e. compensating for residual negative impacts).

³ [WEF High-level governance and integrity principles for emerging VBC markets](#)

⁴ [BioCredit catalog by IIED](#)

⁵ [Biodiversity Credits: Demand Analysis and Market Outlook](#), WEF, 2023

⁶ [WEF Briefing Paper: Biodiversity Credits, unlocking financial markets for Nature-Positive outcomes](#)

Definitions

Biodiversity credit (definition proposed in this position): A certificate that represents a measured and evidence-based positive biodiversity outcome from nature restoration, conservation or stewardship activities, that is not purchased for the purpose of offsetting residual negative impacts caused to biodiversity.

Biodiversity offset (definition from WWF position on biodiversity offsets): Biodiversity offsets are measurable conservation outcomes from actions to compensate fully for significant residual negative impacts on biodiversity as a result of development.

WWF Position on Voluntary Biodiversity Credits

WWF defines a biodiversity credit as “a certificate that represents a measured and evidence-based positive biodiversity outcome from nature restoration, conservation or stewardship activities, that is not purchased for the purpose of offsetting residual negative impacts caused to biodiversity.” WWF’s definition explicitly excludes the use of a single, universal ‘unit’ of biodiversity outcome - whilst this is feasible for carbon, biodiversity values are too complex to be summarized into a single, universal ‘unit’.

WWF will base its engagement with VBCs on this position, and will not develop, endorse, promote or encourage sale of VBCs unless all the conditions in section I, II and III below are met.

WWF will also aim to influence the biodiversity credit market beyond our own direct sphere of influence in the direction outlined in this position.

The required elements outlined in this WWF position take precedence over any other principles or standards mentioned in the position.

Biodiversity credits are evolving rapidly, meaning WWF may need to continuously update this Position.

I: FOR VBC BUYERS:

1. No offsets

Companies must not use VBCs as offsets, i.e. to compensate for residual negative impacts planned or caused to biodiversity in the value chain. Companies must also not purchase biodiversity credits in place of mitigation activities for their own climate, water or nature impacts.

Companies may explore VBCs as a ‘contribution approach’ - part of their voluntary contributions to nature conservation, either linked to or entirely disconnected from their supply chain. A company may also purchase VBCs to strengthen the ecosystem services it relies on or for philanthropic purposes.

EXPLANATORY TEXT: According to WWF’s market transformation theory of change, the mitigation hierarchy should be used to guide corporate action and investments (avoid, reduce, regenerate, restore, transform)⁷. This is particularly important for companies and sectors with high levels of negative impact on biodiversity. In parallel to the mitigation hierarchy, we also encourage companies to invest in place-based conservation to deliver the ‘transform’ portion of the mitigation hierarchy, and to secure nature and biodiversity for healthy, functioning ecosystems and to avoid global tipping points. WWF sees these two actions as critical and complementary strategies to achieve our WWF global goals of Zero human-induced Extinction, Zero Loss of Natural Habitats and Half Footprint.

⁷ More on the mitigation hierarchy [here](#) (via the Science Based Targets Network)

2. Buyer eligibility

Corporate and financial institutions purchasing VBCs must, where applicable:

- Assess and disclose their impacts, risks and dependencies on biodiversity, in line with national regulations or recognised voluntary frameworks such as the Task Force on Nature Related Financial Disclosures (TNFD);⁸
- Adhere to the mitigation hierarchy;⁹
- Adopt credible nature transition plans,¹⁰ set and act towards validated science-based targets for nature.

Companies must demonstrate, through public reporting, the integration of nature into their strategy.¹¹

Companies vary in size, capacity and level of biodiversity impact. Not all companies have the ability to adhere to all the above requirements. This should be considered when determining the eligibility of a company to buy biodiversity credits. Buyers for whom any of the above requirements are not relevant / feasible should demonstrate why that is the case.

If it becomes apparent in the future that entities other than corporates or financial institutions (e.g. governments, foundations) are interested to buy biodiversity credits, eligibility requirements for those entities will be developed at that time.

Companies that are convicted of transgressions or crimes that impact the environment and that are being lawfully mandated to repair such actions (which may include financial compensation or direct restoration) will not be eligible to buy biodiversity credits until they prove they have fully repaired the damage they caused and have fully met their legal obligations.

3. VBC Buyer claims

VBC transactions must comply with rules regarding the claims that can be made on the purchase. These should include, in addition to information on the actions funded: the National Biodiversity Strategy and Action Plan (NBSAP) or other biodiversity strategy that the action contributes to (see #7), any relationship between the actions funded by the VBC and the buyer's operations (see #2), and the total amount paid. Input claims ("we contribute to ... by financing ... with xy \$") are mostly possible and valid across various types of projects. Outcome claims are more complex, in particular when communicating about a diverse biodiversity portfolio, and should align with #8.

VBCs must be clearly traceable from the buyer to the origin of the VBC project site.

A company should not claim to be 'nature-positive' but can claim to 'contribute to a global nature-positive goal' through the purchase of VBCs.

4. Trading

Due to numerous market risks, the absence of a global market regulation and supervision of the biodiversity credits market, WWF does not support secondary market trading (including secondary trades, securitisation and derivatives) of VBCs.¹²

While secondary trading might bring liquidity, price efficiency and risk reduction, regulation is needed to ensure that funds are delivered to the right beneficiaries, in particular to IPs and LCs, that buyers

⁸ Recommendations of the [Task Force on Nature Related Financial Disclosures](#) (September 2023)

⁹ More on the mitigation hierarchy [here](#) (via the Science Based Targets Network)

¹⁰ More on Credible Climate & Nature Transition Plans [here](#)

¹¹ This would involve credibly embedding nature in their decision-making, minimizing their impacts, and contributing to the transformation of our economic and financial systems (more [here](#))

¹² Whilst WWF doesn't support secondary market trading, WWF would advocate for the development of regulatory frameworks to govern secondary market trading of VBCs.

have a long-term approach, do not use VBC for greenwashing purposes, and that double counting is avoided. Therefore, VBC buyers must prioritize use and retirement of those credits.

II. FOR VBC PROJECTS:

5. Human rights based approach¹³

VBCs must respect and uphold human rights and the rights of IPs and LCs, and other rights holders directly or indirectly affected by projects, which includes the requirement for Free and Prior Informed Consent (FPIC)¹⁴ and the provision of just and equitable benefits for the stewards of biodiversity.

For all VBC projects, the legal status of the land must be closely investigated to ascertain if there are formal and/or customary rights of IPs and LCs. Where IPs and LCs are living on the land but a legal recognition of their rights is not clear, extra due-diligence on customary rights should be undertaken.

Ideally, VBC projects should be designed by IPs and LCs biodiversity stewards, with IPs and LCs receiving the majority of the credit payment, when measurable positive biodiversity outcomes are achieved on their lands / waters, according to their life plans and other communal priorities. To ensure a fair share of benefits to the stewards, VBC prices should reflect the full costs of conservation practices, and/or the costs of living with wildlife. Appropriate benefit sharing mechanisms must be in place, and if IPs and LCs lack financial capacity to receive, manage and share those benefits among them, management systems and training should be provided as part of the benefit sharing mechanism.

VBC projects led by IPs and LCs may be undertaken in “Other Effective area based Conservation Measure” areas (OECMs).

The costs of fully engaging IPs and LCs should be factored into project design.

6. Biodiversity importance

To counteract a ‘race to the bottom’, and preference for cheap credits, VBC projects must be focused in areas of highest importance for biodiversity, for example Key Biodiversity Areas (KBAs), Ecologically or Biologically Significant Marine Areas, High Conservation Value Areas, Ramsar sites, World Heritage Sites, ecological corridors, and areas of particular importance for restoration as defined under national plans, or areas important for zoonotic spillover. For areas where comprehensive assessment processes to define areas of biodiversity importance have not yet been undertaken, a VBC project can proceed as long as the biodiversity importance of the site can be demonstrated (for example, evidence is provided that the project area would meet one of the KBA criteria).

7. Alignment to national / sub-national biodiversity priorities

VBCs should contribute to national or sub-national biodiversity priorities, as elaborated in, for example, a National Biodiversity Strategy and Action Plan (NBSAP), or be nested in jurisdictional / landscape approaches. For Areas Beyond National Jurisdiction, VBCs should align with the most appropriate framework or strategy available.

8. Measurement

¹³ A human rights-based approach (HRBA) to biodiversity is one that furthers the realisation of human rights through biodiversity actions, by avoiding harm to human rights, taking action based on principles of human rights, and achieving improved human rights outcomes.

¹⁴ Free, prior and informed consent (FPIC) centres on obtaining consent from Indigenous Peoples (IPs) for any activities undertaken on their land. At the basic level, policies or programmes on or concerning Indigenous Peoples' lands cannot be implemented unless there is prior consultation and consent from the Indigenous community. This includes any state policy or programme seeking to grant permission to a company or any other entity to conduct any activity on such lands. Once they have given their consent, they can withdraw it at any stage. Furthermore, FPIC enables them to negotiate the conditions under which the project will be designed, implemented, monitored and evaluated (more [here](#))

A VBC must achieve and measure demonstrated biodiversity outcomes. These may be the result of efforts towards conservation / avoided loss, or biodiversity gain / restoration, or combinations of the two. Measurement of biodiversity outcomes must not only be area based (e.g. x hectares conserved over y period)¹⁵ but must also include measurement of biodiversity status relevant to the local context, such as status of ecosystem functioning, species presence / abundance, etc. Measurement can also include management measures, such as effectiveness of site protection or traditional stewardship practices, as a complement to biodiversity outcome measures.

The best metrics for measuring biodiversity will depend on the specific context of the project. Emphasis should be on simplicity rather than complexity, and minimisation of monitoring transaction costs.¹⁶ Local and indigenous knowledge should ideally be used, alongside technologies such as camera traps, bioacoustics, remote sensing, eDNA.

Third party verification of measures is required, but ideally should be done as locally as possible to minimize costs, for example by an appropriate body within the country of the VBC project. Use of an international third party certification is not required.

9. Additionality¹⁷ and durability¹⁸

Additionally and durability should be strived for in VBC projects, using practical and flexible verification principles which are appropriate to the context and type of project, such as the methods provided in these footnotes^{19,20}, rather than strict verification principles such as the use of reference sites. While maintaining the importance of additionality and durability, flexible verification principles that account for the unique challenges of conservation projects, especially those involving IPs and LCs, should be used.

EXPLANATORY TEXT: Durability and additionality should always be striven for in any project, and VBCs are no exception. However, stringent requirements around verification of additionality and durability are extremely difficult for conservation / avoided loss projects, due to the difficulty in proving that biodiversity loss would have occurred in the absence of the project. Whilst stringent verification of additionality and durability are important for projects being used as offsets for biodiversity damage / emissions caused, for biodiversity credits which are NOT offsets, additionality and durability can be demonstrated with more practical principles. Requiring strict verification principles for additionality can create an unbalanced preference for restoration vs conservation projects as additionality is much easier to demonstrate in restoration projects. Strict verification principles on durability can create an unbalanced preference for land purchase, and be exclusionary for IP and LC managed forms of inclusive conservation.

10. Interlinkages between biodiversity and carbon crediting

WWF recognises that biodiversity credits interlink with nature-focused carbon credits as nature and climate are intrinsically related. WWF's position is that nature-focused carbon credits must be of high environmental integrity. In order for such credits to be of high environmental integrity, the credits must

¹⁵ [What are we measuring?](#) A review of metrics used to describe biodiversity in offsets exchanges. Biological Conservation, 2020.

¹⁶ More information on possible measures for VBCs is available [here](#)

¹⁷ Additionality means a requirement that credits can only be assigned to biodiversity outcomes that are attributable to the project intervention, and would not have otherwise happened" (more [here](#))

¹⁸ Durability means the ability of a project to ensure that biodiversity outcomes on which credits are based are likely to endure for an extended period" (more [here](#))

¹⁹ Examples of appropriate demonstration of durability:

- Legal arrangements are in place that ensure the intention exists for permanence of actions taken or sustainable land use
- Biodiversity Credit prices are aligned with the actual costs of stewarding biodiversity in the long term

²⁰ Examples of appropriate demonstration of additionality:

- The credit allows for effective management of a natural area that would not happen if there was no credit
- The credits allows for supporting the continuation of effective conservation practices by IPs/LCs of a natural area, avoiding degradation / leakage in the long term
- Additional funding is required to improve or incentivize the sustainable management of the area
- The actions planned would not be able to access usual funding streams (commercial revenues, public funding etc.)
- The actions planned go beyond legal requirements

deliver on measurable net gains for people and nature as a core requirement. Similarly, high integrity biodiversity credit projects could, in certain cases, also deliver outcomes associated with carbon reductions and removals, but this is not a requirement in the way it is with nature-focused carbon credits.

WWF recognises that the primary objective of carbon credits and biodiversity credits may differ. While nature-focused carbon credits typically have biodiversity impact as a co-benefit, this co-benefit may not fully capture the full biodiversity impact that biodiversity credits aim to quantify and certify.

Particularly in the context of corporate purchasers using credits to meet sustainability goals, there is a risk of double counting the biodiversity benefits of carbon credits if they are bundled²¹ or stacked²² with biodiversity credits, which could undermine the WWF position on high integrity carbon credits. WWF does not support biodiversity credits being bundled or stacked with carbon credits, unless the risk of double counting of biodiversity benefits can be eliminated.

Further analysis of the risks of bundling and stacking biodiversity and carbon credits will be conducted in the process of implementing the WWF's position on VBCs and the WWF's position on carbon finance.

III. FOR BOTH VBC BUYERS AND PROJECTS:

10. Governance

Governance arrangements must be in place which provide publicly available, comprehensive, and transparent information on biodiversity outcomes, publicly available benefit-sharing arrangements with IPs & LCs, and a robust monitoring, reporting and verification (MRV) system.

VBC initiatives should be aligned with the WEF High Level Governance and Integrity Principles for Voluntary Biodiversity Credits Markets²³ and the ISEAL credibility principles²⁴, which set out best practices in areas such as stakeholder engagement, transparency, impartiality and reliability.

Full compliance with the WWF Environmental and Social Safeguards Framework (ESSF)²⁵ is required.

²¹ Biodiversity and carbon credits derived from the same project and sold together.

²² Biodiversity and carbon credits derived from the same project but sold separately.

²³ [WEF High Level Governance and Integrity Principles for Voluntary Biodiversity Credits Markets](#) (currently under revision, with WWF involvement)

²⁴ [ISEAL Credibility Principles \(isealalliance.org\)](#) sets best practice for voluntary certification initiatives such as FSC and MSC, many of which WWF has been part of establishing.

²⁵ [WWF's ESSF](#)



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