



NATURE POSITIVE:

Conservation International's Position on Nature Credit Markets

The world faces interconnected crises of biodiversity loss, climate change and human development inequities. Compounding these crises is the urgency with which we must act. Conservation International believes in the intrinsic value of nature and that we must find ways for people and nature to thrive together.

Conserving and restoring nature are two key ways to address biodiversity decline, support climate mitigation and resilience, and contribute to sustainable human development.

Current finance flows however are insufficient to sustain nature and all who depend on it. The estimated financing gap for biodiversity is US\$ 700 billion per year.¹ As recognized by the Kunming-Montreal Global Biodiversity Framework (GBF), a range of new finance flows are required to close this gap, from bonds to funds to debt-for-nature swaps, which Conservation International continues to support. The GBF also recognizes the role that biodiversity or nature credits could play in closing this gap.

Nature credits, also called biodiversity credits or certificates, seek to drive new and additional ways to finance nature and support the shift to nature-positive economies through the creation of nature credit markets, voluntary or regulatory. Nature credits² are intended to represent a comparable, measured and evidence-based unit of positive biodiversity outcomes from nature restoration, conservation and stewardship activities. Credits could be used to: contribute toward a company's nature-positive strategy and mitigate risks arising from nature dependencies; contribute to the national biodiversity targets of governments; and/or by investors and others wanting to contribute to sustaining nature.

Well-governed and equitable nature credit markets present an opportunity to explicitly value the contributions of nature and in their totality:

- **facilitate business activity** toward nature-positive outcomes;
- **increase investment access and confidence** in high-integrity nature opportunities by distributing the costs of restoration and conservation through a unitized credit and providing a level of outcome assurance through measurement, reporting and verification;
- **fairly reward those stewarding nature**, particularly Indigenous Peoples and local communities (IP&LC); and
- **support the transition** to nature-positive economies and the recognition of nature as an asset.

New markets are complex and carry risk that must be acknowledged and addressed. As nature credit markets form, all market actors must ensure that:

- IP&LC rights, visions and ancestral livelihood practices are recognized, safeguarded and respected and Traditional Knowledge incorporated;

¹<https://www.paulsoninstitute.org/conservation/financing-nature-report/>

²The terms "nature" and "biodiversity" are sometimes used interchangeably. "Nature" is a broad term covering both living and non-living elements of the natural world, while "biodiversity" refers specifically to the diversity of life within species, between species and of ecosystems. Nature is also the term preferred by IP&LC recognizing the oneness of nature. "Credits" is consistent with GBF language.

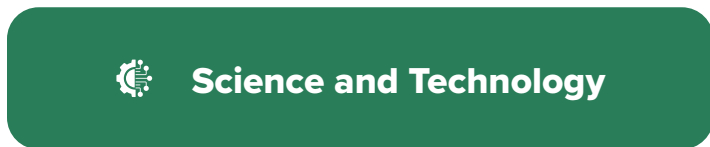
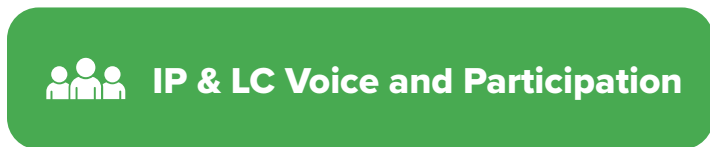
- Inclusive governance and capacity building is supported and barriers to participation minimized so that IP&LC can benefit equitably;
- The different requirements and roles of governments are recognized so the potential of these markets aligns with national and international policy contexts and is underpinned by effective governance;
- These markets drive net-positive outcomes for nature and people, help protect against further biodiversity impacts and loss and represent new and additional sources of finance and income for nature and local communities;
- Lessons learned from carbon markets and biodiversity offsets are incorporated across all aspects from governance and monitoring to rights and safeguarding; and
- We collectively collaborate, act with speed and agility, are transparent, learn quickly from mistakes and adapt.

Conservation International’s Nature Credit Markets Strategy and Principles

Conservation International believes nature credit markets have the potential to be a valuable, additional and complementary tool for closing the nature finance gap. Our objective is to catalyze and shape high-integrity and equitable nature credit markets that deliver new finance that supports net-positive and lasting outcomes for nature and people and the transition to nature-positive economies.

Our strategy toward high-integrity, equitable and durable nature credit markets couples high-integrity demand with high-integrity supply, underpinned by effective governance, IP&LC voice and participation and robust science enabled through technology. This will be facilitated by partnerships³ across all strategy levers and enabled through place-based market pilots that provide a safe space for collaboration and experimentation from which all market actors can learn.

CI’s Nature Credit Market Strategy



-  Demonstrate **high-integrity and high-quality supply** of nature credits by working collaboratively with CI’s program and partners.
-  Demonstrate **high-integrity demand** through working with companies toward nature credit transactions as part of effective nature-positive strategies.
-  Contribute toward **effective and transparent governance**, including establishing the enabling policies to foster high-integrity demand and supply.
-  Partner with and support **Indigenous Peoples and local communities’ voice and participation** across all market aspects to ensure social integrity and be in alignment with recognized international conventions on IP&LC rights.
-  Apply **science and technology across all market dimensions** seeking a balance of rigor, Traditional Knowledge and practicality, while supporting experimentation and learning.

We are optimistic about the potential of these markets, and recognize that while they are developing, there is a need to lean into challenging conversations, monitor progress, adapt our approach and act with courage if the trajectory of market development does not align with our objectives and principles.

The following principles will further guide the high-integrity supply and demand aspects of our nature credit markets strategy.

³Including but not limited to the [Biodiversity Credits Alliance](#), [International Advisory Panel on Biodiversity Credits](#), [World Economic Forum](#) and the [World Business Council on Sustainable Development](#)

High-integrity Supply Principles

Any nature crediting projects and programs that CI supports and the standards they apply, must:

Safeguard people and nature from harm	<ul style="list-style-type: none">• Apply stringent safeguards.• Implement effective and transparent grievance mechanisms.• Mitigate against the leakage of potential threats to other areas.
Partner with and support Indigenous Peoples and local communities	<ul style="list-style-type: none">• Partner with IP&LC by recognizing their self-governance systems and their rights to self-determine how or if they want to participate through ongoing processes of free, prior, and informed consent (FPIC).• Integrate IP&LC input into project development and governance, including Traditional Knowledge and holistic approaches to nature stewardship⁴.• Ensure IP&LC partners retain significant project value (monetary and otherwise, ideally the majority) through fair and transparent information, monitoring and review processes.• Invest in long-term capacity building of IP&LC to manage and implement their own projects.
Demonstrate effective governance and build capability of governments	<ul style="list-style-type: none">• Implement fair and transparent governance processes, pricing and compensation.• Contribute to the capacity building of governments including the enabling policies that underpin high-integrity supply.
Exhibit high-quality	<ul style="list-style-type: none">• Demonstrate financial and/ or regulatory additionality.• Meet rigorous standards for project quality, including peer-reviewed and evidence-based actions, monitoring, verification, and reporting.
Enable long-term durability	<ul style="list-style-type: none">• Strive for long-term durability of outcomes and finances, and practice adaptive management.
Deliver positive outcomes	<ul style="list-style-type: none">• Deliver demonstrable positive outcomes for biodiversity and people that are verified by independent and appropriately qualified third parties and accelerate progress toward jurisdictional and global goals for nature.

CI does not support the supply of nature credits from activities that: do harm; do not uphold recognized rights, maintain FPIC and/or maintain equitable project value sharing arrangements; and/or are mandated in response to impacts or would be expected by recognized industry norms (e.g. generating credits from restoration activities that are mandatory by law).

High-integrity Demand Principles

CI recognizes that nature credits may contribute to a business's nature-positive pathway through:

- **Facilitating collaborative responses** within a region (e.g. landscape or seascape) in response to indirect, cumulative, dispersed or historic impacts across the value chain;
- **Building resilience** of key nature dependencies within value chains;
- **Enabling investment confidence** via robust means of safeguarding, measuring outcomes and mitigating risks associated with nature-based investments; and
- **Contributing toward broader nature goals** that align with a region or country's conservation priorities.

⁴"holistic approaches to nature stewardship" is meant to address the Indigenous beliefs and practices that do not separate or categorize individual aspects of the environment, such as carbon, biodiversity, etc. from nature as a whole. As a result, IP&LC commonly manage nature and their landscapes as a single, interconnected entity.

All nature credit buyers that CI works with must demonstrate progress aligned with the following:

Assess dependencies and impacts	Assess direct and value chain dependencies and impacts on nature and identify where these are most material.
Commit to a nature-positive transition	Develop and maintain a nature-positive strategy, approved by the buyer's senior leadership and board, that includes a road map and targets for a nature-positive transition for the organization, in alignment with the GBF.
Take action	<p>Identify and implement actions to address material impacts and dependencies, meeting any lender and/or regulatory requirements, and work toward the company's nature-positive strategy and targets including:</p> <ul style="list-style-type: none">• Avoid any impacts to nature, including where relevant through establishing time bound, no conversion of natural ecosystem targets;• Reduce the extent and/or severity of any impacts;• Regenerate / Restore so that the state of nature can recover, including via nature credits;• Offset after applying the steps above any remaining direct impacts to nature aligned to the requirements in the box below;• Compensate after applying the steps above any other remaining impacts to nature, through other nature-based investments including nature credits; and• Transform through investing, including via nature credits, in interventions that address broader drivers of nature loss and build resilience.
Measure and disclose	Annually disclose and have verified by an independent and appropriately qualified third party: material nature dependencies and impacts for direct operations and value chains; progress toward nature strategy and targets; and any claims around the use of nature credits and other nature-related investments.
Review progress and adapt	Review progress and adapt actions and strategies accordingly to maintain progress toward nature-positive targets.

CI does not support the use of nature credits from companies that undermine the GBF or Paris Agreement and related policies. For this reason, CI will not work on nature credits with companies where their majority business is fossil fuels. In addition, if in a sector impacting forests, CI will only work on nature credits with companies that have timebound net-zero deforestation targets. At this stage while these markets are forming and to mitigate against risks associated with secondary trades, CI will only support nature credit sales to buyers that prioritize use and retirement of credits.

Biodiversity Offsets: Taking Responsibility for the Hardest to Mitigate Direct Impacts

Businesses need pathways toward nature positive outcomes that include ways to take responsibility for the impacts that remain after measures to avoid, reduce and restore impacts have been applied. This is known as the mitigation hierarchy. Biodiversity offsets are nature-based investments, designed in response to these hardest to mitigate impacts that are directly attributable to a development or activities. Offsets may be mandated as part of regulatory or lender compliance requirements or undertaken voluntarily. Offsets are typically designed to be as "ecologically equivalent" as possible to the remaining impacts, though historically have often fallen short of delivering no net loss.⁵

Currently, nature credits and their associated markets are not generally designed to enable effective biodiversity offset applications. Credits may be appropriate for offsets when they are specifically designed for these purposes, with sufficient safeguards and to deliver net positive outcomes. For this reason, CI would only consider credits for offset purposes where credits are designed, consistent with internationally recognized norms for biodiversity offsets⁶ including any regulatory or lender requirements (whichever is higher), to: follow effective application of the mitigation hierarchy; recognize there are limits to what is appropriate to offset (e.g. some losses such as species extinction and loss of areas of irrecoverable carbon cannot be offset); enable net gain; and be feasible, comparable (i.e. a level of ecological equivalence), additional, equitable and lasting.

⁵ zu Ermgassen, Sophus O.S.E., Baker, Julia, Griffiths, Richard A., Strange, Niels, Struebig, Matthew J., & Bull, Joseph W. (2019). The ecological outcomes of biodiversity offsets under "no net loss" policies: A global review. *Conservation Letters*, 12(6)

⁶ For example, refer to [Business and Biodiversity Offset Program Standard on Biodiversity Offsets](#), [IUCN Biodiversity Offsets Policy](#), [IFC Performance Standard 6](#)