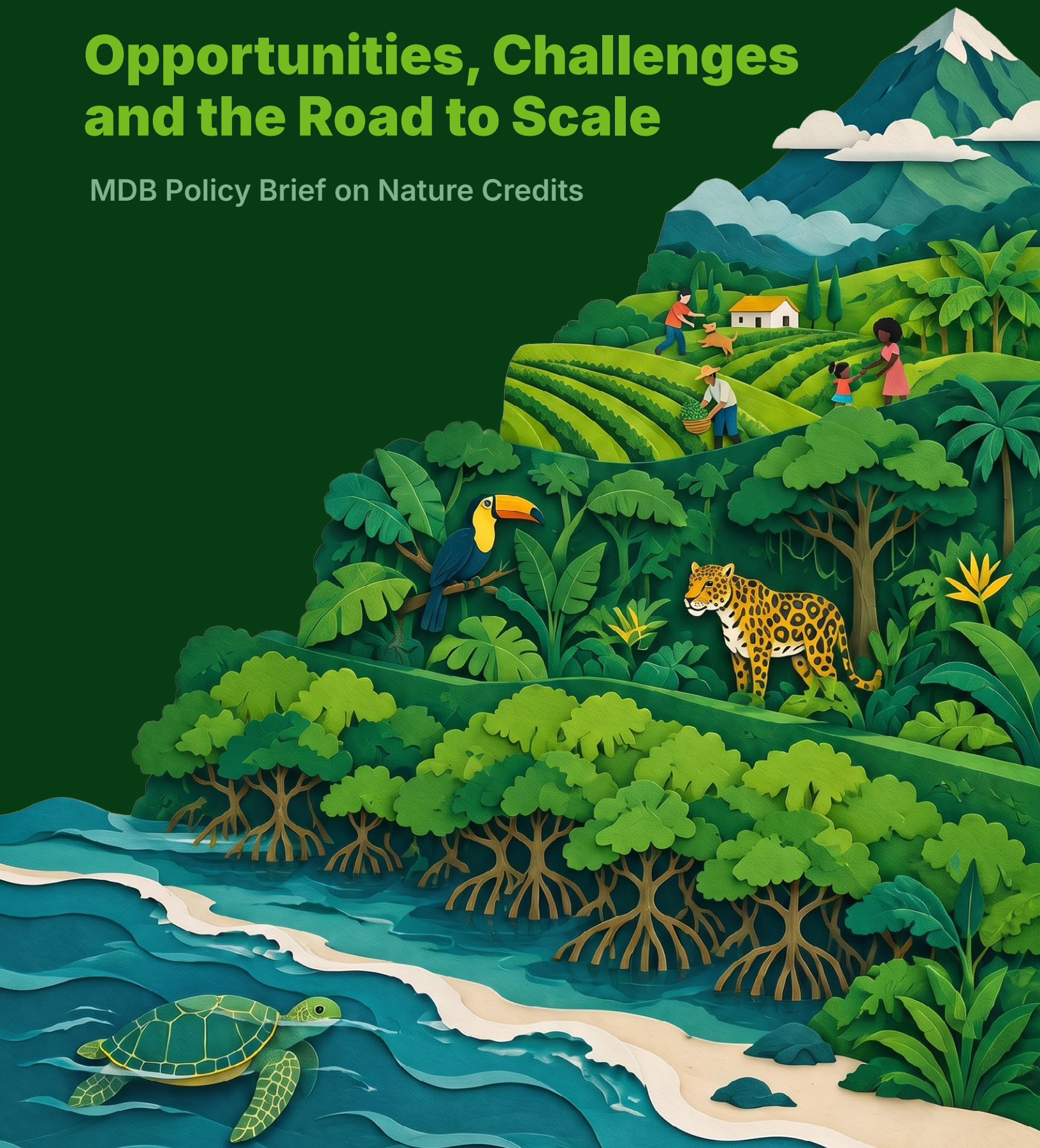


Opportunities, Challenges and the Road to Scale

MDB Policy Brief on Nature Credits



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MDB Policy Brief on Nature Credits*

*Practical Guidance for Governments, Multilateral Development Banks (MDBs)
and National Development Banks (NDBs)*

MDB Nature Technical Working Group
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* This Policy Brief is a practical policy guide for discussion and does not represent a joint negotiated position or commitment of the MDBs.

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- French Ministry for Europe and Foreign Affairs
- French Treasury
- German Agency for International Cooperation (GIZ)
- Greenovation Hub
- Multilateral Investment Guarantee Agency (MIGA), World Bank Group
- Peatland Finance Ireland
- rePLANET
- Renew Earth
- Swedish University of Agricultural Sciences (SLU)
- Terrasos
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- University College Dublin
- World Wide Fund for Nature (WWF)



What is a Nature Credit?

Nature credits are measurable, verified and additional positive outcomes for nature, represented through a unit or certificate that can be financed, purchased or otherwise recognised by public or private actors. They may represent positive outcomes for biodiversity, ecosystems, species or habitats, and can be used within a range of financing models; they do not necessarily need to be traded, nor do they inherently confer a right to offset or compensate for biodiversity loss elsewhere. This depends on the use case of the nature credit, including emerging demand-side standards for corporate claims. Additional rules and integrity requirements apply where credits are used for compensation or offsetting.

Biodiversity credits are a more specific type of nature credit focused on measurable biodiversity outcomes. Building on the Biodiversity Credit Alliance (BCA, 2024), the IAPB Framework defines a biodiversity credit as a certificate representing a measured and evidence-based positive biodiversity outcome that is durable and additional to what would otherwise have occurred. This policy brief uses 'nature credit' as the broader umbrella term and 'biodiversity credit' where referring specifically to biodiversity outcomes, consistent with the fuller definitions and terminology in **Annex B**.

The broader term 'nature credit' is used deliberately in this policy brief to support greater consistency and clarity across jurisdictions and to respond to emerging buyer needs, including alignment with frameworks such as Taskforce on Nature Related Financial Disclosures, Science Based Targets Network and the MDB Common Nature Finance Taxonomy. It also recognises growing interest from buyers and financiers in identifying and valuing the fuller suite of natural capital values and nature-related outcomes that these initiatives can generate, beyond biodiversity alone.

Executive Summary

Interest in nature credits is growing globally as a way to bring new private, philanthropic and public money into the protection and restoration of nature. The evidence to date shows considerable experimentation on the supply side, methodologies, standards and pilot projects, but a much more limited record of completed transactions and sustained buyer demand; this policy brief treats that distinction as material to how governments should pace their own engagement.

This brief focuses on nature markets, and specifically nature-credit schemes, as a subset of the broader nature-finance landscape encompassing the full range of public and private actions needed to halt and reverse nature loss. Nature credits are not a replacement for public conservation budgets, environmental laws, or the wider reforms needed to align finance with the Global Biodiversity Framework (GBF), and not every country may need a tradeable nature-credit market. In many places, the best results come from combining nature outcomes with water, climate and community outcomes, rather than treating them as separate transactions.

The real policy question is practical: **where could a nature-credit scheme add value relative to existing instruments, and what enabling conditions are needed to test it credibly and adapt it to national circumstances?** This guidance applies to both voluntary and regulated contexts, but the relevant rules and policy choices differ. Voluntary schemes depend particularly on credible demand, claims integrity and buyer standards; regulated compensation or compliance uses require a clear legal basis, application of the mitigation hierarchy, ecological-equivalence requirements and regulatory oversight. The brief therefore distinguishes these contexts where their requirements diverge rather than assuming a single market model.

Most countries are not starting from zero. Environmental laws, offset schemes, payment-for-ecosystem-service (PES) programmes, carbon-market systems, conservation funds and national development banks (NDBs) already provide many of the building blocks needed. The first task is to build policy coherence, stemming from the policies and regulations already in place: define the public-policy purpose of nature credits and their relation to the national biodiversity finance plan, identify what already exists, assess gaps, establish credible demand and financing pathways, and test only the minimum additional infrastructure needed for a high-integrity pilot.



This policy brief is primarily for Ministers of Finance and Environment and senior government officials considering whether, where and under what conditions nature-credit schemes may have a useful role. MDB leadership and country teams and NDBs are a secondary audience supporting those government decisions. It is practical rather than technical: it does not restate the integrity guidance already published elsewhere, and it does not attempt to negotiate one MDB position on market design.

This brief sets out eight practical building blocks, immediate actions for ministers, and a 12–24 month roadmap. The fuller technical analysis, country case studies, a self-assessment tool and full references are in the Annex.





Where Nature Credits Can Add Value

Nature credits can link finance more directly to verified ecological outcomes. But biodiversity is place-specific, multidimensional and not fully fungible: metrics are still evolving, monitoring can be costly, and voluntary demand remains uncertain. These are reasons for care, not reasons to stop testing, but they are reasons not to assume that building market infrastructure alone will create demand or integrity.

The question is not 'should we build a nature-credit market?' It is 'is a nature-credit scheme appropriate for the identified policy purpose and country context, compared with existing instruments such as payment for ecosystem services (PES), eco-compensation or results-based payments?' Any exploration should remain aligned with the GBF, national biodiversity plans, the High-Level Principles as a benchmark for market integrity and, where MDB finance is involved, the MDB Common Principles and Taxonomy.

Nature credits can add value where verified nature outcomes strengthen wider public, private or blended-finance approaches. The opportunities below are potential uses within a broader nature-finance system, not arguments for creating a stand-alone credit market.



OPPORTUNITY	POLICY RELEVANCE	A NOTE OF CAUTION
Verified outcome finance	Can link public/private payments to conservation and restoration outcomes.	Outcome definition and additionality must be credible; payment should not displace core public duties.
Broader nature-finance mobilisation	May reach ecosystems and outcomes poorly served by carbon markets.	Do not assume biodiversity credits will achieve carbon-market-like liquidity or fungibility; biodiversity is inherently place-specific and heterogeneous, and market design should be built around that reality rather than towards standardisation for its own sake.
Corporate dependency and supply-chain investment	Can support insetting, watershed resilience and landscape stewardship.	Claims must be proportionate; avoid using contributions to neutralise unrelated impacts. Corporate businesses are most likely to invest in nature-positive insetting where that investment is recognised in ways that strengthen company value, for example as a balance-sheet asset or through positive recognition by investors, policymakers and customers.
Blended and results-based finance	Credits can provide an outcome unit around which concessional and commercial capital is structured.	Credit revenue alone may not cover preparation, MRV and stewardship costs.
Data and institutional strengthening	Pilots can improve baselines, monitoring and cross-government coordination.	Avoid building costly national systems before use cases and users are proven.
Community and locally led finance	Can create revenue linked to stewardship and locally defined outcomes.	Rights, consent, governance and benefit-sharing must be designed before revenue flows.

Taken together, these opportunities suggest that nature-credit schemes can serve as one financing mechanism within a wider nature-finance system, where assessed as appropriate to the country context. The credit itself is the verified unit or certificate representing a measured outcome; it should not be conflated with the financing mechanism in which it is used. The value of a nature-credit scheme depends on a clear use case, credible demand, proportionate integrity systems, and strong rights and governance.

Conditions for these Opportunities to be Credible

The opportunities for nature credits outlined above are conditional. Consistent with emerging **high-integrity principles for biodiversity credits**, including those developed by IAPB and BCA, a small set of foundational conditions needs to be in place for nature credits to mobilise finance credibly and deliver durable outcomes:

- Outcomes must be genuinely additional.
- Rights and benefit-sharing must be clear.
- Monitoring must be credible but proportionate to project economics.
- Claims must reflect what the unit actually represents.
- There must be a real payer or buyer.

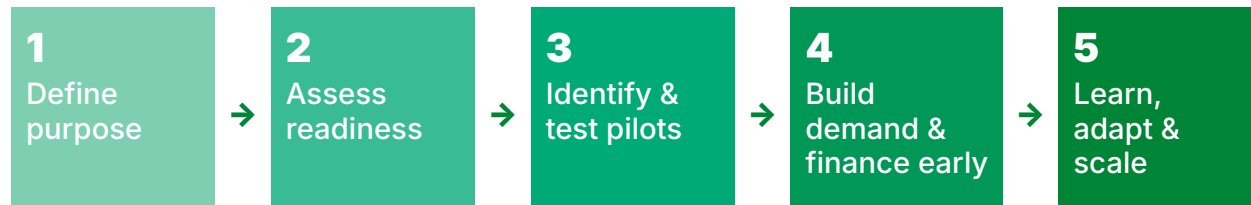
These conditions are interconnected: strong ecological measurement alone is insufficient without clear rights, credible demand, appropriate claims and viable project economics. The policy task is therefore to embed high-integrity principles across the wider enabling system, rather than treating them as separate technical requirements.

The fuller discussion, including the priority policy questions on legal recognition, ownership, additionality, claims, financing and institutional leadership, is in Annex A, Part I, §2.

The Practical Pathway

Moving from interest in nature credits to credible implementation requires a deliberate sequence. Countries will start from different positions and will already have different combinations of policy, institutions, finance, data and market mechanisms in place. The pathway below is therefore not a prescription for building a new nature-credit market, but a practical way to determine whether and where nature credits can add value, what needs to be in place to test them, and what evidence should guide any subsequent scaling.

The sequence is iterative rather than strictly linear. In practice, evidence from buyers, projects, rights holders and early implementation will often require earlier assumptions to be revisited. **The important principle is to begin with purpose and readiness before investing heavily in pilots, infrastructure or scale.** This reflects the brief's broader emphasis on defining the purpose, mapping what already exists and identifying genuine gaps before creating new systems.



The sections that follow progressively unpack this pathway. The eight messages first set out the main considerations for decision-makers. The subsequent Practical Policy Framework introduces **eight building blocks** for assessing the policy, institutional, integrity, demand and financing conditions needed to move forward. The **12–24 month action plan** then translates these into a practical sequence for testing and implementation, while **Annex C** provides a more detailed readiness diagnostic and the country case studies in **Annex D** illustrate how different countries are approaching these choices in practice.

Key Considerations for Decision-Makers

1. Begin with purpose, not with a registry or a credit. Define the policy or conservation problem, the intended use case, the intended users or buyers, and how a nature-credit scheme would support national biodiversity priorities before making the design choices below. Before moving into the detailed policy framework, eight messages capture the main lessons for governments and MDBs considering nature credits. They are not a checklist for creating a market. Rather, they are practical principles for deciding whether a nature-credit scheme is useful in a particular context and what needs to be considered from the outset if it is to operate credibly.

2. Treat high integrity as a floor, not the whole design. International nature credit high integrity principles set a minimum standard for credibility. They do not replace national law, and they do not force you to use one methodology, one metric, or one registry technology. There is also an opportunity to go beyond the requirements often seen in environmental safeguards and the application of the mitigation-hierarchy, monetizing nature-positive gains beyond what is required can generate cash flow for monitoring and permanence, and incentivise clients to do more than the minimum. In practice this means treating international principles as a floor rather than a ceiling: governments retain full discretion to set higher domestic requirements, and jurisdictions should still aim for enough coherence in core definitions and standards that buyers with an international footprint can engage confidently across markets.

3. Put the policy questions first. Who legally owns a credit? What tax rules apply? Who can make a claim using it? These questions can matter as much as the ecological science. A durable answer to these questions also needs a long-term sustainability strategy, financial, legal and political, since credit arrangements that work at pilot scale can unravel without sustained institutional and political commitment.

4. Prove there is a buyer before you build supply. A strong pipeline of projects is not a market if nobody is ready to pay for the results. Demand and buyer integrity matter as much as supply. Demand itself is not homogeneous: voluntary corporate purchases, inseting or value-chain demand, regulated compensation, public procurement and donor or MDB results-based finance arise from different incentives and imply different prospects for scale and durability, and the credibility of the claims buyers are permitted to make is as important as confirming a buyer exists at all.

5. Use what you already have. Adapt existing environmental, carbon, PES, fiscal, monitoring and financial infrastructure where it is fit for purpose, building from the country's biodiversity finance plan where one exists. The financial resources built up for carbon MRV have rarely been available for biodiversity or nature-based outcomes; capitalising on and building synergies with those existing systems, rather than commissioning parallel ones, is essential. Avoid premature investment in exchanges, complex registries or onward secondary-trading infrastructure before a credible pipeline and demand exist.

6. Think in landscapes and seascapes, not just single projects. Nature outcomes are connected, water, climate, coastal and community results often move together. Combine them where it strengthens the finance case but keep each outcome and each claim clear and separate.

7. Design finance around the project lifecycle, including for permanence. Project preparation, baseline and MRV costs, early working capital and long-term stewardship often require different sources of capital and face distinct risks. Public guarantees, concessional finance, public or private insurance, results-based payments and aggregation can address specific gaps or risks. This may include bundling complementary public, private and results-based finance around a shared landscape outcome, rather than expecting credit revenue alone to finance the intervention. It also helps to keep the vocabulary precise: funding (non-repayable grants, government expenditure, philanthropy) is not interchangeable with financing (repayable capital expecting a return), and financing cannot solve what is fundamentally a funding problem.

8. Build in rights, participation and fair benefit-sharing from day one. Indigenous Peoples and local communities are often the rights holders, the stewards, and the best source of ecological knowledge. Their role belongs in the design from the start, not as a box to tick at the end. This is not only an ecological argument: conservation and restoration benefits extend to prosperity, social development and climate resilience, and a credible benefit-sharing or community reinvestment plan, reflecting safeguard requirements rather than revenue-sharing alone, should be treated as a precondition for design, not a downstream deliverable.

Taken together, these messages point to a purpose-first and country-led approach: start with the policy purpose and intended use case, build from existing institutions and mechanisms, establish credible demand and project economics, and embed integrity, rights and long-term stewardship from the outset. A nature-credit scheme is one potential financing mechanism within that wider system; the credit itself is the verified unit representing the measured outcome. Scheme design should follow the function it is intended to serve, not the other way around.

A Practical Policy Framework-Proposed Building Blocks

The next step is to translate the pathway into the practical policy, institutional and financing questions that need to be worked through. The eight building blocks provide a structured way to do this, assessing existing foundations, identifying the gaps that matter for the intended use case, and focusing action where it is actually needed. They are deliberately adaptable to different country contexts and starting points, rather than a blueprint for a single nature-credit market model.

BUILDING BLOCK	CORE POLICY QUESTIONS	TYPICAL ENABLING ACTIONS
1. Purpose & market function	What problem is the mechanism solving and who will pay? (see also Building Block 6, Demand & incentives).	Define use case; relationship to NBSAP/ biodiversity finance plan; contribution, local compensation, insetting, public procurement or results-based model.
2. Legal & policy foundations	What is a credit legally, how are target buyers led to purchasing it, who owns it, how is double counting across registries avoided, and what claims can follow?	Clarify rights, obligations, eligibility, transfer, liability, tax, claims, additionality and interaction with environmental licensing.
3. Governance & mandates	Who sets rules, approves projects, establishes baselines, oversees MRV, integrates with national accounting and enforces?	Allocate roles across Finance, Environment, regulators, NDBs and subnational institutions; create a coordination mechanism.
4. Standards, metrics & MRV	What evidence is sufficient to issue and use a credit?	Use the High-Level Principles (HLP) as an integrity benchmark; select/adapt methods appropriate to ecosystem, regulation and scientific capacity.
5. Market infrastructure	What minimum systems are required for pilots?	Project approval, issuance, registry/ledger, retirement, verification and claims tracking; build progressively.
6. Demand & incentives	What will make credible buyers or funders participate, and how does a nature credit market create financing opportunities for businesses and financial institutions?	Public procurement, results payments, fiscal incentives, dependency/risk use cases, anchor buyers, price and transaction transparency, claims guidance.
7. Project pipeline & finance	How will viable projects reach issuance, permanence and long-term stewardship?	Preparation facilities, concessional capital, guarantees, insurance, aggregation, working capital and long-term funding.
8. Rights, safeguards & benefit-sharing	How are rights holders involved and benefits governed?	Tenure clarity; free, prior and informed consent (FPIC) as a requirement wherever Indigenous Peoples' rights are legitimately asserted, and as good practice for other affected rights holders including local communities; co-design & operation; grievance systems; transparent revenue allocation and safeguards.

Note: Although presented as the eighth building block for consistency with the list above, rights, safeguards and benefit-sharing should in practice be treated as a precondition that precedes and conditions all of the other building blocks: free, prior and informed consent must be sought sufficiently in advance of authorisation or project commencement, since a credible plan to secure consent after the fact cannot cure a prior violation of that requirement.

The fuller technical explanation of each building block, including considerations for country adaptation, is provided in Annex A.

Immediate Actions for Ministers

Before undertaking any of the actions below, Ministries should confirm that a nature-credit mechanism, rather than an existing instrument, is the right response to the problem at hand, and should build on nature-finance diagnostics, institutional mapping and financing-needs assessments already completed under BIOFIN, MDB programmes or other national processes, rather than repeating that work from scratch.

For governments interested in exploring nature credits, the immediate priority is not to build a market, but to establish whether there is a credible purpose and pathway for developing or using a nature-credit scheme, rather than another existing instrument. The steps below provide a practical starting point: bringing the right institutions together, understanding existing foundations and gaps, identifying credible use cases, and testing demand before committing to new infrastructure or regulation. Where the proposed use is voluntary, relevant voluntary-market integrity and claims guidance should inform design; where it is regulated or compensatory, domestic law, the mitigation hierarchy and applicable regulatory safeguards govern. International high-integrity guidance can complement, but does not replace, those requirements.

- Nominate a joint Finance–Environment taskforce and agree the public-policy purpose of any nature-credit exploration, the first of three stages (strategise, activate, test) that structure the immediate actions below.
- Where responsibilities are dispersed, designate a clear government champion or coordinating institution able to convene Finance/Treasury, Environment, Agriculture, Water, Forestry, Planning and other relevant agencies and facilitate decisions across portfolios.
- Commission a rapid readiness diagnostic across the eight building blocks, rating each as Gap, Emerging or Existing.
- Map existing laws and fiscal mechanisms separately from environmental markets, data systems, funds, NDB capabilities and potential demand, recognising this can extend beyond carbon and nature markets to other environmental-markets experience, such as pollution-trading schemes, before proposing new institutions.
- Identify one to three credible pilot use cases with clear ecological relevance, clear rights and stewardship, feasible MRV and plausible funding or buyer pathways.

- Build dialogue with project developers and prospective credit buyers rather than creating an institutional and regulatory framework in isolation: test demand early with prospective corporate buyers, public procurers, philanthropies, results-based funders and financial institutions; clarify acceptable claims.
- Use MDB and development-partner support selectively for policy design, capacity, project preparation, de-risking, MRV and convening. (an instrument-choice assessment, per the immediate actions above, should generally precede this step).
- Establish a learning process, drawing explicitly on existing early efforts and lessons learned, including from failed or discontinued pilots, so all evidence informs subsequent regulation, infrastructure and scaling decisions.

These actions are intended to establish the foundations for informed experimentation, not to predetermine that a nature-credit mechanism should proceed. Early evidence on rights, demand, project economics, institutional capacity and ecological feasibility should determine what happens next, whether to pilot, adapt the approach, use another nature-finance mechanism, or stop.

Countries will take different pathways depending on their starting points: Chile, the Dominican Republic, Ireland and Thailand are four country examples already working through many of these choices in different policy and institutional contexts, with their experiences summarised in **Annex D**.

Where there is a credible case to proceed, the following 12–24 month action plan shows how these initial actions can be sequenced through piloting, implementation and learning.

Purpose-First Approach: Assessing Whether Credits Are the Right Tool

- 1 **Name the nature outcome and the financing problem** it's meant to solve — before naming any instrument.
- 2 **Map what already exists:** laws, fiscal mechanisms, environmental markets, data systems, funds, NDB capabilities and potential demand.
- 3 **Identify the financing or demand gap** those existing instruments leave unaddressed.
- 4 **Compare available mechanisms against that gap** — PES, carbon-market infrastructure, conservation funds, public procurement, results-based finance and nature credits among them.
- 5 **Assess whether a nature/biodiversity credit is the mechanism** that adds value here, and for whom.
- 6 **If so, identify the minimum enabling conditions for a pilot:** 1–3 credible use cases, a plausible buyer or results-based funder, feasible MRV, and a joint Finance–Environment focal mechanism to see it through.
- 7 **Use MDB and development-partner support selectively at this stage** — policy design, capacity, project preparation, de-risking, MRV and convening.
- 8 **Build in a learning process from day one**, so pilot evidence — including from prior or failed efforts — informs what comes next.

A 12–24 Month Action Plan

Where there is a credible case to proceed, the actions above can be translated into a phased 12–24 month pathway. The timing is indicative rather than prescriptive: progress should depend on evidence at each stage, not simply the passage of time.

PERIOD	PRIORITY ACTIONS	DECISION POINT
0–3 months	Agree purpose and governance; run a readiness check of existing enabling policy and market conditions; map existing systems and candidate pilots to purpose and demand; start talking to buyers and funders.	Is there a credible use case and a plausible source of demand or results funding?
3–6 months	Legal/policy gap coherence analysis; rights and stakeholder process; preliminary methodology/MRV assessment; project economics and financing plan.	Can a pilot meet integrity, rights and financial feasibility thresholds?
6–12 months	Make targeted reforms; secure preparation finance; design the baseline and the project; lock in anchor demand or a results agreement; set up a simple tracking system.	Are policy, finance, demand and monitoring sufficiently aligned to proceed?
12–24 months	Implement, issue credits or make the first results payment; monitor costs and outcomes; evaluate governance, claims and benefit-sharing.	What evidence supports adapting, replicating, scaling — or stopping?

The decision points provide deliberate opportunities to test assumptions and change course. Progression should therefore be evidence-led: moving forward where the conditions are credible, adapting where gaps can be addressed, and stopping or pursuing another nature-finance approach where they cannot.

Ministerial Checklist

Before committing to a pilot, decision-makers should be able to answer a small set of practical questions across purpose and demand, existing foundations, rights and integrity, institutions and finance, and learning. The checklist below provides a final readiness check, not every element needs to be perfect, but material gaps should be understood and addressed before proceeding.

Ten questions to confirm a pilot is ready to proceed:

PURPOSE & DEMAND	✓ Is the purpose clear, and linked to national biodiversity priorities?
	✓ Is there a credible buyer or results-based funder — and do we understand why they will pay?
BUILT ON WHAT EXISTS	✓ Have we mapped existing laws, systems and institutions before proposing new ones?
RIGHTS, INTEGRITY & MRV	✓ Are ownership, additionality, claims, rights, benefit-sharing and liability clear enough for a pilot?
	✓ Is our monitoring and verification approach proportionate, credible and affordable?
	✓ Are rights holders and affected communities involved in the design and governance?
INSTITUTIONS & FINANCE	✓ Are Finance and Environment Ministries jointly engaged, with clear roles for other agencies?
	✓ Do we have finance for preparation, implementation and stewardship — not just an assumed credit sale?
	✓ Do we have a transparent way to issue and retire credits, and prevent double counting?
LEARNING	✓ Have we defined what evidence would tell us to scale, change course, or stop?

The checklist is a decision aid, not a pass–fail test. Where important questions cannot yet be answered, the priority should be to close those gaps, adapt the proposed approach or reconsider whether a nature credit is the right mechanism. The fuller readiness diagnostic in Annex C provides a more detailed assessment across the eight building blocks.



Where to Find Further Information

This brief keeps the main text short and action-focused. The full technical analysis behind these messages, including detailed guidance on each building block, how to adapt this framework to different country contexts, the roles of governments, MDBs and financial institutions, and the detailed step-by-step roadmap, is in **Annex A**. Key terms are defined in **Annex B**. The full readiness self-assessment tool is in **Annex C**. Four country case studies are in **Annex D**. All sources are listed in **Annex E**.



Annex A • Extended Policy Analysis

Part I – Context and Challenges

Purpose and Current Market Context

Where nature credits fit

Nature credits are one instrument that can be used within the much broader nature-finance landscape. That landscape includes sources of finance (such as public budgets, private capital and philanthropy), policy and regulatory measures (such as environmental regulation and biodiversity-offset requirements), and financing mechanisms or instruments (such as PES, eco-compensation, conservation trust funds, blended finance and results-based finance). A nature credit is the verified unit or certificate representing a measured outcome and can be used within some of these financing arrangements. In other cases, a simpler PES or results-based payment structure is a better fit than creating a tradeable credit.

This is consistent with the Kunming–Montreal Global Biodiversity Framework (GBF), particularly Target 19, which calls for finance from all sources and places nature credits alongside public finance, blended finance, PES, green bonds and other instruments, all subject to environmental and social safeguards.

Working definition

For this brief, a nature credit is a measurable, verified and additional positive outcome for nature, represented by a unit or certificate that can be financed, purchased, or otherwise recognised. It may represent an outcome for biodiversity, ecosystems, species or habitats, and can sit inside wider financing arrangements that also support water, climate, resilience and social outcomes.

‘Nature credit’ is used deliberately as a broad umbrella term. It includes biodiversity credits, but also other forms of results-based nature finance that countries may develop to fit their own context. A nature credit does not have to be traded, and financing one does not automatically

give the buyer the right to claim an 'offset' or 'compensation' for biodiversity loss elsewhere; additional environmental and social safeguards and governance requirements apply where credits are used that way, consistent with the 'High Integrity' principles set out by IAPB, BCA and WEF.

Biodiversity credits are a more narrowly defined type of nature credit, focused specifically on measurable biodiversity outcomes. Building on the Biodiversity Credit Alliance's (BCA, 2024) original definition, the IAPB Framework for High Integrity Biodiversity Credit Markets defines a biodiversity credit as a certificate representing a measured, evidence-based unit of positive biodiversity outcome that is durable and additional (IAPB, 2024a). This policy brief uses that framing as a reference point rather than repeating the Framework's detailed guidance; see Annex B for full definitions.

How this fits the MDB Common Principles

The MDB Common Principles for Tracking Nature Finance (MDBs, 2025b) provide definitions, guidelines and a common taxonomy for identifying MDB financial flows that support nature. Within that taxonomy, nature markets are only one subset of the broader nature-finance landscape. A nature credit is best understood as a certificate or unit representing a verified positive ecological outcome; a nature-credit scheme may use that unit within one possible financing mechanism, but neither the credit nor the scheme is a substitute for the wider range of public and private nature-finance approaches.

What this brief adds

- **A policy lens:** which policy, fiscal and institutional choices enable credible testing and scaling.
- **A country-adaptation lens:** what to take from international guidance, and what must be decided locally.
- **A demand and finance lens:** how credible demand and de-risking affect whether a technically sound credit actually gets financed.
- **An institutional lens:** how Finance and Environment Ministries, MDBs, NDBs, regulators, communities and financial institutions can work together.
- **A practical sequence:** a non-prescriptive path from purpose and readiness assessment, through pilots and learning, to possible scale.

Countries rarely start from zero

Most countries do not start from zero. Existing environmental law, biodiversity offsets, PES, eco-compensation, carbon-market infrastructure, conservation funds, natural-capital accounts, sustainable-finance taxonomies and public financial institutions often already provide part of the architecture. The task is therefore to build policy coherence, stemming from what already exists: define the purpose, map what exists, assess gaps, and test the minimum additional infrastructure needed for a credible pilot. A guiding principle throughout should be to avoid repeating the trust failures that have undermined some existing offset mechanisms, aiming for a design that is credibly good enough rather than holding out for a perfect one.

Opportunities and Challenges

Nature credits can create a clearer link between finance and verified ecological outcomes, opening new funding for conservation and restoration, and improving the accountability of existing flows. They can also help connect biodiversity outcomes to corporate supply chains, public procurement, results-based finance, and nature-linked financial products. Because biodiversity restoration often improves water quality, reduces emissions, and builds resilience at the same time, integrated financing proposals can reach a wider set of funders than biodiversity alone. For governments, the discipline of defining outcomes, baselines and claims can also strengthen national biodiversity data and help turn NBSAP (National Biodiversity Strategy and Action Plan) and biodiversity-finance-plan priorities into investable programmes.

Yet the same characteristics that make biodiversity ecologically meaningful make it difficult to commoditise. Biodiversity is place-specific, multidimensional and not fully fungible (IAPB, 2024a; ADB, 2025). Metrics and methodologies are still evolving; MRV can be costly, although technology-enabled solutions tend to reduce costs; identifying and managing land and resource rights can be complex; project cash flow and de-risking requirements may call for patient capital; and voluntary corporate demand remains uncertain. These are not reasons to abandon experimentation, but they are reasons for care, and reasons not to assume that building market infrastructure alone will create demand or integrity.

Conditions for these opportunities to be credible

These opportunities depend on several conditions being met simultaneously: ecological outcomes must be additional to the relevant baseline and legal obligations; rights and benefit-sharing must be clear; MRV must be scientifically credible but proportionate to project economics; claims must be substantiated and consistent with the ecological outcome that

underlies the credit; and there must be a plausible payer, buyer or results-based funder. Policymakers should also distinguish market failure from instrument failure: weak demand may reflect a poorly designed mechanism rather than an absence of underlying value.

Policy makers should also distinguish market failure from instrument failure. Weak demand may reflect unclear corporate use cases or poor project economics, not a need for a government-created exchange. High transaction costs may call for aggregation or preparation support, not lower integrity thresholds. Limited liquidity may simply be a feature of place-based biodiversity, not a problem to solve through forced fungibility.

Priority challenges for policy makers

Guidance in this space remains under active development, and several questions are genuinely unresolved: fungibility across ecosystems and geographies, credible additionality and permanence, the rules for cross-border claims and trading, demand at scale, and the distribution of value among communities, project developers and market intermediaries. MDBs and governments piloting nature credits should expect this brief, and the underlying technical guidance it draws on, to be updated as country experience matures.

Earlier MDB, BCA and IAPB work has already identified recurring barriers, limited institutional understanding, a lack of standard tools, financing gaps, capacity constraints, and limited government buy-in. Rather than repeat that diagnosis, this brief turns those barriers into policy questions:

- How should nature credits be recognised in law, and how do they interact with existing environmental obligations, offsets, carbon rights, licensing, fiscal policy and accounting practice?
- Who can generate, own, transfer, retire, or claim a credit, particularly where land rights are layered or customary?
- What counts as sufficient additionality, durability, and protection against double counting for the intended use?
- Which claims can buyers make, and what rules prevent greenwashing?
- What incentives create credible demand without locking government into open-ended subsidy?
- How can high upfront costs be financed before credit revenue exists?
- Which institution should lead, and how should fragmented mandates be coordinated?
- What is the minimum infrastructure for a pilot, and what should wait until supply, demand and regulatory experience exist?

Part II - Building Blocks and Country Adaptation

The Eight Building Blocks in Detail

The eight building blocks are not an alternative integrity framework. They are a practical way to organise the enabling policy, finance and institutional conditions around a nature-credit mechanism. High-level integrity requirements, verified outcomes, fairness for people, and good governance, remain a reference floor; the policy task is to translate those principles into nationally workable rules, mandates, incentives and financing arrangements.

Purpose and market function

Define the priority ecosystems, outcomes and geographic scope. Specify whether the mechanism is a voluntary contribution, insetting, local compensation under regulation, public procurement, results-based finance, or a hybrid, and whether it is compensatory or non-compensatory and compliance-driven or voluntary. Identify the intended payer or buyer before designing supply or testing additionality. Clarify how the mechanism supports the NBSAP, biodiversity finance plan and other national environmental and development priorities. Set boundaries: what the mechanism is not intended to finance or claim.

Legal and policy foundations

Many countries may not need a dedicated 'nature credit law' at the outset. Existing environmental, forestry, water, land, carbon, securities, consumer-protection, tax and public-finance rules may already answer much of what a pilot needs. A legal gap coherence analysis should focus on the specific use case and avoid legislating an entire market before practical experience exists; where relevant, governments can also draw on the IAPB's work developing draft global standards for high-integrity nature credit markets.

POLICY AREA	QUESTIONS TO RESOLVE	POSSIBLE POLICY RESPONSE
Recognition & ownership	<i>What is the legal nature of the credit? Who holds the underlying right?</i>	Administrative recognition, contract law, environmental regulation, or a dedicated statutory provision.
Additionality & obligations	<i>Can outcomes required by existing law generate credits?</i>	Define regulatory surplus and treatment of pre-existing commitments or public funding.
Transfer & retirement	<i>Can credits be transferred? What prevents double use?</i>	Registry rules, serialisation, retirement and claims controls.
Claims & buyer protection	<i>What can purchasers communicate?</i>	Claims and communications integrity guidance, disclosure requirements, anti-greenwashing enforcement.
Tax & public finance	<i>How are revenues, grants and purchases treated?</i>	Tax guidance; budget/earmarking rules; public fiscal and procurement authority.
Benefit-sharing	<i>Who receives revenue, and on what basis?</i>	Contractual or statutory benefit-sharing; transparent pricing and governance; and grievance process.
Interaction with offsets/carbon	<i>Can one activity generate multiple environmental assets?</i>	Rules for stacking, bundling, stapling, attribution, double counting and local compensation.

Governance and institutional mandates

Nature-credit policy is inherently cross-government. Environment agencies usually hold ecological expertise and safeguard mandates; Finance Ministries control fiscal policy and MDB relationships; Planning agencies connect reforms to investment pipelines; and financial regulators may oversee market conduct. For early pilots, a small inter-agency steering group is usually more useful than a new permanent authority. Its mandate should define purpose, pilot selection, the integrity threshold, rights and safeguards, financing, demand, data, legal gaps and learning. Permanent institutions can follow the evidence.

For early pilots, a small inter-agency steering arrangement can be more useful than a new permanent authority. Its mandate should cover the policy purpose, pilot selection, integrity threshold, rights and safeguards, financing, demand, data, legal gaps and learning. Close co-ordination between this arrangement and pilot or project developers is good practice, since it keeps standard-setting and methodology choices grounded in field-level implementation experience rather than developed in isolation. Permanent institutional arrangements can follow evidence.

Standards, metrics and MRV

International initiatives (the High-Level Principles, the IAPB Framework) provide a valuable integrity reference, but governments and MDBs are not required to adopt one external methodology or scheme. National regulators still need to select or approve methods and metrics that fit the ecosystem, the use case, available data and domestic law; biodiversity's non-fungibility makes this especially important. Existing WBG-supported programmes such as FCPF and ISFL show that biodiversity monitoring can often be integrated progressively into existing carbon MRV systems, building on remote-sensing, safeguards monitoring and forest-inventory infrastructure already in place, rather than requiring an entirely new system. Where several outcomes are financed together, monitoring can share data and assurance systems while still keeping enough separation to support distinct biodiversity, carbon or water claims. A proportionate MRV approach should answer at least four questions: what outcome is being measured; against what baseline; over what time and spatial scale; and with what independent verification. Data generated through MRV, baselines, registries and monitoring also raises Indigenous data sovereignty questions that this brief does not yet address; governments and MDBs should consider Indigenous data-governance principles, alongside the technical MRV choices set out here. The cost and rigour of monitoring should match the value and risk of the claim.

Market infrastructure

A pilot needs traceability, not necessarily an exchange. The minimum is usually a transparent project database or registry recording approval, methodology, baseline, issuance, ownership, transfer (if permitted), retirement and claims. More sophisticated trading platforms should be justified by actual transaction volume. A recurring risk is investing in a national registry or exchange before there is a credible pipeline or demand, infrastructure should follow function, starting with what is necessary for integrity and expanding as transactions grow. Experience from WBG-supported carbon programmes reinforces this: market infrastructure should follow demand, financing arrangements and transaction readiness, since upfront investment in registries alone does not generate transactions.

A recurring sequencing risk is to invest in a national registry or exchange before there is a credible pipeline or demand. Infrastructure should follow function: start with what is necessary to ensure integrity and prevent double counting, then expand as transactions and regulatory needs become clearer. Where genuine double-counting risk exists, governments should ensure traceability systems allow information to be cross-checked against relevant external registries.

Demand and incentives

The pathways set out below differ in a further respect worth flagging explicitly: some (such as insetting) are typically compensatory and call for mitigation-hierarchy and ecological-equivalence safeguards, while others (such as dependency or resilience investment) are non-compensatory and do not carry those same requirements.

Demand is often the Achilles' heel of many emerging nature-credit proposals. Supply-side methodology work can progress for years without ever proving who will pay, why, and whether that motivation will last. Demand should be treated as a core building block, not an afterthought.

DEMAND PATHWAY	POSSIBLE ENABLING POLICY	INTEGRITY / DESIGN ISSUE
Corporate contribution	Claims guidance; nature-dependencies disclosure; voluntary procurement standards.	Must not imply neutralising unrelated impacts (IAPB, 2024a).
Insetting / dependency investment	Sector policy; landscape platforms; supply-chain finance.	Link outcome to a material dependency and credible corporate transition action; clarify how the credit purchase towards the ecological outcome translates into corporate value. Insetting is typically compensatory and should follow mitigation-hierarchy and ecological-equivalence safeguards; dependency or resilience investment is generally non-compensatory and does not carry the same requirements.
Local regulated compensation	Mitigation hierarchy institutionalisation; equivalence and proximity rules; enforcement.	Only after avoidance/minimisation; local-to-local rules may apply (IAPB, 2024a).
Public procurement / results purchase	Budget authority; outcome contracts; procurement rules.	Ensure value-for-money; avoid double-paying statutory obligations.
MDB / donor results finance	Results frameworks; concessional windows; guarantees.	Independent verification; transparent attribution.
Finance-linked demand	Taxonomy, loan/bond KPIs, blended structures.	A credit purchase alone is not evidence the underlying financing is nature-positive.

A nature credit market architecture needs to accommodate private sector participation. For the market to operationalize and scale, policymakers should secure an appropriate level of public-private dialogue, allowing to build consensus on the conditions that will facilitate private sector participation. This includes recognising that a range of pilots already exist outside government, from which practical lessons can be drawn for pragmatic market design, rather than developing policy in a silo separate from that experience.

Project pipeline and finance

Nature credit projects face a financing mismatch: engagement, baseline studies, legal work and validation all happen before issuance, while monitoring and stewardship continue long after. Credit sales can be uncertain and episodic. MDBs and NDBs can help separate and finance these stages, grants for readiness, concessional or first-loss capital for early implementation, guarantees or advance purchase commitments, working capital against contracted revenue, aggregation, and long-term stewardship vehicles. Aggregation can also work spatially: pooling projects across a watershed or landscape can cut transaction costs and create a financing proposition large enough for institutional investors. In practice, readiness support, concessional finance and risk-sharing instruments are often more important than anticipated future credit revenue in getting projects to issuance at all.

Rights, safeguards and equal benefit-sharing

Rights and benefit-sharing are part of market design, not an add-on. Where Indigenous Peoples and local communities hold customary or statutory rights, steward ecosystems, or hold knowledge, their role should be defined from the outset, including tenure clarification; free, prior and informed consent (FPIC) as a requirement wherever Indigenous Peoples' rights are legitimately asserted, and as good practice for other affected rights holders; co-design and operation; accessible grievance mechanisms; and transparent revenue allocation. Governments and project developers should also consider equity and ownership stakes for consenting rights-holders, not only a share of revenue, since ownership more fully reflects Indigenous Peoples' right to own, use, develop and control their lands, territories and resources. International integrity guidance, including the IAPB global standard on inclusion and rewards, can inform these expectations, while domestic law and MDB safeguard frameworks provide the binding requirements for particular operations. Local stewards should also be recognised as a source of ecological knowledge, monitoring capability, delivery assurance and data sovereignty. Benefit-sharing formulas that work in one jurisdiction, including specific revenue-share percentages proposed in some international guidance, may not be realistic starting points in others; the key principle is that a credit should never create a parallel rights regime that weakens existing protections, whatever the specific formula agreed locally.

Indicative Outputs, Time and Resource Envelopes, and Worked Examples

The following table translates each building block into what an MDB country team would actually produce, roughly how long it takes and what it draws on, and a short illustrative example of the block in practice. These are indicative, not prescriptive, actual timing depends heavily on institutional starting point (see Section 4).

BUILDING BLOCK	INDICATIVE OUTPUTS	TIME / RESOURCE ENVELOPE	WORKED EXAMPLE (ILLUSTRATIVE)
1. Purpose & market function	A short concept note naming priority ecosystems/geography, the intended function, the likely payer, and links to the NBSAP or biodiversity finance plan.	2–4 weeks; small Environment–Finance team; no new studies required.	A one-page purpose statement drafted before any technical work begins, so later design choices can be tested against it rather than assumed.
2. Legal & policy foundations	A targeted legal gap analysis against the policy areas in the table above (recognition, additionality, transfer, claims, tax, benefit-sharing, stacking), scoped to the specific use case.	4–8 weeks; legal counsel plus lead-agency input; can run in parallel with Block 1.	Confirming an existing environmental or forestry law already covers ownership and transfer, avoiding new legislation until it's shown to be necessary.
3. Governance & mandates	A written coordination arrangement: a small inter-agency steering group, its mandate, and named leads from Finance and Environment.	2–3 weeks to establish; light-touch secretariat function thereafter.	A joint Finance–Environment steering note formalising roles before any technical workstream starts.
4. Standards, metrics & MRV	A monitoring design brief answering what is measured, against what baseline, over what timeframe/scale, and with what verification.	6–10 weeks; technical/ecological input, cost scaled to the value and risk of the claim.	Choosing a proportionate, lower-cost verification approach for a small local-compensation pilot rather than a methodology built for a large voluntary-market project.
5. Market infrastructure	A minimum-viable registry/project-database design (approval, methodology, baseline, issuance, transfer, retirement, claims).	4–6 weeks to design; build effort scales with pilot volume.	Starting with a lightweight ledger, with a defined transaction-volume trigger for investing in more sophisticated infrastructure later.
6. Demand & incentives	A demand-mapping note evidencing at least one credible payer/funder pathway, with actual (not theoretical) expressed interest.	4–8 weeks; typically the highest-risk block, since it depends on external engagement.	Securing a documented expression of interest from one procurement authority or buyer before finalising project design.
7. Project pipeline & finance	A staged financing plan separating readiness grants, concessional/first-loss capital, guarantees, and long-term stewardship funding, with MDB/NDB roles against each stage.	6–12 weeks; usually requires MDB/NDB engagement for blended-finance structuring.	Sequencing a small readiness grant to fund baseline studies before committing concessional capital, so early findings can still change the design.
8. Rights, safeguards & benefit-sharing	A tenure/rights-holder map, an agreed FPIC process as a requirement wherever Indigenous Peoples' rights are legitimately asserted (and as good practice for other affected rights holders), a grievance mechanism, and a transparent benefit-sharing arrangement.	6–10 weeks, often longer where tenure is contested; should not be compressed to match other blocks.	Completing rights-holder mapping and consent as a precondition for site selection, not retrofitted after a site is chosen.

Adapting to Country Context

The building blocks are not one-size-fits-all

The relative importance of each building block depends on the intended purpose. Voluntary corporate finance raises questions about demand, claims and NBSAP alignment. Local compensation for residual impacts raises legal, mitigation-hierarchy and liability questions. Results-based payments prioritise measurement, verification and safeguards over secondary trading infrastructure.

The starting question should be ‘what problem are we solving, and what systems can we build on?’, not ‘how do we create a nature-credit market?’

Build on what already exists

Many countries already have institutions that perform some of these functions: biodiversity offset regimes, PES or eco-compensation schemes, environmental funds, carbon-market infrastructure, sustainable-finance taxonomies, natural-capital accounts, and national or sub-national development-bank programmes. These should be treated as building blocks, not systems to be replaced.

EXISTING FOUNDATION	HOW IT COULD SUPPORT NATURE CREDITS
PES / eco-compensation	Existing payment channels, monitoring and benefit-sharing can support verified outcome payments.
Biodiversity offset / compensation regime	Existing rules and registries may provide infrastructure, while contribution credits stay clearly distinguished from regulatory compensation.
Carbon market or registry	Registry, accreditation and verification infrastructure may be adaptable, while biodiversity metrics and claims stay distinct.
Environmental / conservation fund	Can aggregate finance, procure verified outcomes, or manage long-term stewardship funding.
NBSAP / biodiversity finance plan	Identifies priority ecosystems and outcomes for credit-supported finance.
Sustainable-finance taxonomy	Can help financial institutions identify eligible nature-related activities and financing, without treating purchase of a credit as evidence that an institution or company is itself “nature positive”; can also allow the structuring of sustainability-linked loans or bonds, using nature credits as the underlying verified ecological-outcome certificate.
Natural-capital accounts & national data	Inform baselines and prioritisation, without substituting for project-level evidence.
NDB / MDB programmes	Can provide preparation finance, concessional capital, guarantees and aggregation. (national development banks are treated here as a distinct, country-level category of institution from multilateral or bilateral IFIs, though the two can perform complementary roles).

The objective is feasibility analysis and functional integration: identify which policy, governance, monitoring, financing and transaction functions can already be performed by existing institutions and build only what is missing.

Match the approach to your starting point

Maturity varies widely. Early-stage countries should prioritise purpose, coordination, rights, baseline information and a small number of credible pilots, a sophisticated registry is rarely an immediate priority. Emerging contexts, where PES systems or corporate demand already exist, can move faster toward pilot issuance, closing specific legal gaps and securing anchor demand. More established contexts may already have much of the infrastructure; their challenge is interoperability, avoiding double counting, and strengthening claims oversight.

COUNTRY STARTING POINT	LIKELY PRIORITY PATHWAY
Strong PES system, little private demand	Use verified outcomes to strengthen existing results-based payments; test corporate co-financing.
Established compensation regime	Strengthen integrity; explore clearly separated contribution/insetting markets.
Strong corporate/NDB interest, limited pipeline	Develop investable pilots and financing structures before wider market infrastructure.
Strong conservation policy, weak market institutions	Start with publicly supported pilots and basic governance, not a national market.
Mature environmental markets & financial sector	Integrate systems; strengthen claims oversight; develop financing/intermediation.
Significant customary/community tenure	Build rights-holder governance and benefit-sharing before choosing a transaction model.

Adapt to government and fiscal structure

The appropriate institutional model will depend on how government responsibilities and public finance are organised. In centralised systems, national environment and finance ministries may be able to establish common rules, approve pilots and coordinate financing. In federal or highly decentralised systems, important powers over land, biodiversity, environmental approvals or revenue may sit with states, provinces or local governments. Nature-credit architecture must reflect these mandates rather than create institutional responsibilities that no level of government can actually deliver.

Fiscal arrangements matter equally. Where projects sit on public, protected, customary or communal land, governments need to determine who can receive revenues, whether revenues remain locally or enter public budgets, and how nature-credit revenues interact with existing fiscal transfers, public expenditure and benefit-sharing arrangements.

Adapt to ecological, social and tenure context

Nature credits cannot be separated from place. Different ecosystems require different ecological indicators, baselines, monitoring frequencies and approaches to durability. A wetland credit cannot simply replicate a forest methodology; a landscape-scale conservation programme may require different evidence and governance from a site-level restoration project.

Where no existing methodology adequately captures a specific ecosystem, landscape or use case, governments and market actors may need to support the development of new, context-specific methodologies rather than forcing an ill-fitting one.

Social and tenure conditions are equally important. Where customary, communal or contested rights exist, clarifying rights, consent, governance and benefit-sharing may need to precede credit issuance.

Adapt the financing model, not only the credit

The financing architecture should also reflect the country, project and stage of development. Nature credits do not need to be financed through simple spot purchases after issuance. In many emerging-market contexts, projects face significant costs before a credit can exist, including ecological assessment, community engagement, project design, restoration, monitoring and verification.

Different stages may therefore require different forms of capital: grants or technical assistance for readiness and project preparation; concessional or blended capital for implementation; guarantees or first-loss mechanisms where private capital is being crowded in; advance market commitments or offtake agreements; working capital against expected issuance; results-based payments after verification; and commercial investment once cash flows become sufficiently predictable.

A practical adaptation sequence

Governments and MDBs can apply the framework through five questions:

- **What biodiversity outcome and financing problem are we trying to address?** Define the national, landscape or project objective and establish whether nature credits add value relative to existing financing mechanisms.
- **What already exists?** Map the policies, institutions, financing mechanisms, rights arrangements, data, projects and sources of demand that can already perform some of the required functions.
- **What is actually missing?** Use the readiness diagnostic in Annex C to distinguish critical gaps from lower-priority ones.
- **What needs to be adapted to the country context?** Determine how institutional mandates, fiscal arrangements, ecology, tenure, safeguards and financing structures affect the appropriate model.
- **What should be tested first?** Prioritise a small number of credible pilots that can test the missing functions, generate evidence and inform subsequent scaling before investing in wider market infrastructure.

This sequence shifts the emphasis from creating a new market architecture to identifying a financing need, building on existing systems, addressing critical gaps and learning through implementation.

Part III - Country Experience and Institutional Roles

Lessons from Country Experience

The four country case studies in Annex D are the evidence base for this brief, not decorative examples. Each is assessed against the same frame: starting conditions, policy and institutional foundations, market purpose, the roles of Finance and Environment Ministries and of MDBs, demand and financing model, rights and benefit-sharing, positive outcomes so far, implementation challenges, and transferable lessons.

Reading across the four cases, several hypotheses emerge for testing as more countries share their experience:

- Countries build from existing environmental and fiscal institutions far more often than from a blank sheet.
- Government coordination and legal clarity can matter more than methodology choice in early stages.
- Demand or results-based funding needs to be identified before large project pipelines are built.
- Public and concessional finance often play a catalytic role in preparation, monitoring and early demand.
- Rights, benefit-sharing and public-revenue rules materially shape project viability and legitimacy.
- Credits may work best as part of hybrid finance structures, rather than as a stand-alone commodity market.

Roles of Governments, MDBs and Financial Institutions

Nature-credit markets do not have one single ‘market authority’. International integrity initiatives, sovereign governments, MDBs, standards bodies and market actors all play different roles. Conflating them risks either over-reliance on voluntary guidance, or unnecessary duplication of standards and infrastructure.

International integrity initiatives: reference points, not sovereign regulators

The High-Level Principles (IAPB, BCA, WEF) and the IAPB Framework provide an important integrity benchmark, but they are not national regulation. Governments can require alignment with high-integrity principles while keeping the choice over methodology, metrics and registry technology. These initiatives can also support capacity-building, technical review and comparability, a technical and convening role, not a governance authority over sovereign markets. BCA’s own knowledge briefs provide additional technical information for market participants and can usefully supplement these reference points.

LAYER	PRIMARY AUTHORITY / ROLE	ILLUSTRATIVE DECISIONS
Principle-level integrity	International principles as benchmark; domestic rules make it operational.	Verified outcomes, additionality, equity, good governance, safeguards.
Methodology & metrics	National regulator / approved standards within domestic rules.	Method selection, ecosystem-specific metrics, baseline and monitoring protocols, robustness, replicability and scalability.
Market architecture	National government and regulators.	Legal recognition, registry authority, tax, claims, tradability.
Instrument design	Governments, MDBs, NDBs, financial institutions.	Results payments, guarantees, blended finance, aggregation.
Independent scrutiny	Validators, civil society, rights holders.	Verification, grievance, transparency, accountability.
Financial integrity	Financial regulators, market authorities and independent scrutiny actors.	Anti-Money Laundering and financial-integrity safeguards; pricing transparency; and scrutiny of whether credit pricing appropriately reflects underlying project costs and nature outcomes.

Government roles

Nature-credit policy is inherently cross-government, spanning Finance, Environment, Planning, Agriculture, Forestry, Water and financial regulation. Governments are not required to become the buyer, seller or operator of every mechanism; their core role is to create the public-interest conditions under which verified outcomes can be generated, financed and claimed credibly, while crediting complements rather than substitutes for regulation and public conservation duties. Market architecture also needs to allow for private-sector participation: policymakers should secure an appropriate level of public-private dialogue to build consensus on the conditions that will facilitate that participation, avoiding developing policy in a silo separate from the range of non-government-linked pilots already generating practical lessons.

Government action can be organised around five enabling functions. First, set policy purpose and guardrails: link eligible activities to NBSAPs, biodiversity finance plans and GBF implementation; apply the mitigation hierarchy; and define which outcomes can be credited and which existing legal obligations cannot. Second, establish legal and fiscal clarity: recognition, ownership and transfer rights; treatment of public and customary land; liability; integrity of claims; tax; procurement; the level of price and transaction transparency; and public revenue and benefit-sharing. Third, provide proportionate oversight and infrastructure: project eligibility, approved standards or methodologies, validation and verification rules, traceability, issuance and retirement, and anti-double-counting controls. Fourth, support credible demand and investment without creating artificial liquidity: public results purchasing, targeted fiscal

incentives, disclosure and claims rules, insurance solutions, or anchor procurement where there is a clear public-policy rationale. Fifth, build capacity and collaboration across regulators, NDBs, communities, science institutions, civil society and market actors.

For MDB-supported programmes, governments can use the MDB Common Nature Finance Taxonomy as a practical alignment lens, though a credit itself should not be treated as automatic proof that the underlying activity is nature finance. This lens should be informed not only by MDB-authored reports, but by practical experience from the operations MDBs already finance in-country, which offers real insight into what works.

INSTITUTION	POTENTIAL ROLES
Finance Ministries	Fiscal policy; incentives; procurement and budget treatment; MDB coordination.
Environment Ministries	Ecological priorities; standards and eligibility; safeguards; MRV oversight.
Planning / central agencies	Cross-government coordination; investment-pipeline integration.
Line ministries	Cross sector implementation covering all relevant sectors including water, forestry, agriculture, land management.
Financial / market regulators	Claims and market conduct; disclosure and investor protection.
Subnational governments	Land-use powers, local programmes, benefit-sharing, local implementation.

MDB, NDB and DFI roles, and linkages to the private sector

The IAPB-IDB discussion paper (IAPB and IDB, 2025) on “The role of public financial institutions in enabling the development and success of nature credit markets” identify several complementary roles for development banks in supporting and activating effective nature credit markets. These include the following: [Full citation to be confirmed with IAPB/IDB before publication.]

- financial support and de-risking;
- policy and regulatory support;
- standard-setting and integrity alignment;
- inclusion of Indigenous Peoples and local communities;
- MRV and market infrastructure;
- convening and aggregation; and
- hybrid finance approaches, applied selectively to country needs rather than as a universal checklist.

NDBs are also particularly valuable as domestic hubs, combining local knowledge, government relationships and financial intermediation. They can also help package biodiversity with water, climate or livelihood outcomes into larger investable programmes.

Commercial banks, investors, buyers and insurers

Private institutions can lend, underwrite and structure transactions, but only where cash flows are bankable and risk is properly allocated. Corporate buyers provide anchor demand, but demand should never be assumed just because a company has a nature target, the specific business case (regulation, dependency, licence to operate, investor expectation) needs testing. A useful discipline: distinguish project financiers (who fund activities), outcome purchasers (who pay for verified results), credit buyers (who acquire and retire units and make claims), and intermediaries (who provide transaction or verification services), one institution may play more than one role, but policy design should not assume they are interchangeable. Insurers can also provide risk coverage for project developers as well as buyers, a role distinct from the four above.

Part IV - Practical Roadmap

The Roadmap in Detail

This roadmap should be managed as a sequence of decisions, not a checklist of institutions to build. Each stage should produce a tangible output and a decision to proceed, adapt, or stop. The goal is not issuance at any cost, it is evidence that a proposed use case can deliver real nature outcomes, respect rights, attract finance, and work within national law at reasonable cost.

Tangible outputs by step

- **Step 0/1 – Purpose:** a short government concept note identifying the specific problem, financing gap or policy objective being addressed (for example strengthening protected areas, restoration commitments, or NBSAP implementation); priority outcomes; target landscapes; the intended payer/buyer; the proposed use of the unit and of any resulting revenues; links to national biodiversity priorities; explicit exclusions; and whether a nature-credit mechanism, rather than an alternative financing instrument, is in fact the right pathway.

- **Step 2 – Readiness:** a completed Gap/Emerging/Existing diagnostic (Annex C), with evidence and named owners for critical gaps.
- **Step 3 – Institutions and rights holders:** a written coordination arrangement, lead agency, a stakeholder/rights-holder map, and an agreed process for consent and grievance handling.
- **Step 4 – Existing foundations & legislative coherence:** an inventory of usable laws, programmes, data, registries, funds, taxonomies, carbon/PES infrastructure and finance mechanisms, identifying what can be reused and what should remain separate.
- **Step 5 – Critical gaps:** a targeted action plan for only the legal, fiscal, monitoring, safeguards or institutional changes the pilot actually needs.
- **Step 7 – Finance and demand:** a financing plan that clearly separates what is funded by credit revenue, public expenditure, concessional capital, commercial finance and other results-based payments, to avoid double funding or unclear claims.
- **Step 8 – Learning and scale decision:** an independent review of ecological results, transaction costs, benefit-sharing, buyer behaviour and financial performance, followed by a formal decision on replication, reform, expansion or discontinuation.

Suggested stage gates

The roadmap can be supported by a small number of stage gates to help governments and financing partners decide whether an initiative is ready to progress to the next stage. These are not rigid approval steps or a single linear process; rather, they provide practical decision points for testing whether the necessary purpose, integrity, financing and implementation conditions are in place. Where a gate is not met, the priority should be to address the identified gaps before progressing or scaling.

- **Gate A – Public purpose:** does the mechanism solve a defined problem better than the alternatives?
- **Gate B – Integrity and rights:** can the pilot meet minimum ecological, safeguard and rights thresholds?
- **Gate C – Financeability:** is there credible finance for preparation, implementation and demand?
- **Gate D – Operability:** are legal authority, institutional roles and traceability sufficient to transact?
- **Gate E – Scale:** does the evidence justify wider investment?

What not to build too early

- A national trading exchange without repeat supply and demand.
- A highly complex registry when a transparent project/issuance/retirement ledger would meet pilot needs.
- A universal national biodiversity unit that erases ecological specificity.
- A large project pipeline before buyers, funders and project economics are tested.
- New legislation covering every possible use case, when targeted pilot authorisation would do.
- Claims of market scale based on theoretical corporate interest rather than evidence of actual procurement or contracting.

Conclusion

Nature credits should be approached as one instrument within a broader nature-finance system. Their biggest contribution is likely to come not from functioning as isolated biodiversity transactions, but from helping structure wider landscape-scale solutions that connect biodiversity with water, climate, resilience and social outcomes.

Their potential lies less in replicating carbon markets than in creating credible, evidence-based links between ecological outcomes and finance, supporting contributions, supply-chain investment, results payments, and, in carefully regulated settings, local compensation. But the mechanism must fit the country and the purpose, not the other way round.

The most important near-term policy task is enabling credible experimentation. Governments need not wait for complete international standardisation while drawing on emerging international good practice, integrity frameworks and standards, nor should they rush to create full market infrastructure. They can use established high-integrity principles as a benchmark, adapt existing institutions, clarify the legal and fiscal issues that matter for specific pilots, establish credible demand and finance, protect rights and benefits, and learn from implementation. Guidance in this space remains under active development, including ongoing work on demand-side integrity, credit issuance and tracking, and double-counting safeguards across registries, so governments and MDBs should expect this brief and the underlying guidance to be updated as country experience matures. MDBs can accelerate this specifically through policy dialogue, readiness support, preparation finance, safeguards, guarantees, results-based finance, aggregation and convening, connecting sovereign policy, technical integrity and finance so client countries can test what actually works.

Annex B • Key Definitions and Terminology

The terms below use definitions from existing authoritative sources wherever one is available. Where a term has no single, universally agreed definition, the table names the specific source used in this brief rather than inventing a new one.

TERM	DEFINITION / USE IN THIS BRIEF	SOURCE
Biodiversity credit	A certificate that represents a measured and evidence-based unit of positive biodiversity outcome that is durable and additional to what would have otherwise occurred, following the Biodiversity Credit Alliance's (BCA, 2024) original definition, which the IAPB Framework itself draws upon.	Biodiversity Credit Alliance, Definition of a Biodiversity Credit (2024); adopted by IAPB (2024).
Biodiversity offset	Used to address negative residual impacts on biodiversity after applying the mitigation hierarchy, with offsetting as the final step after avoidance, minimisation and restoration. IAPB distinguishes this from broader contribution claims and supports biodiversity-credit compensation only under strict, local, like-for-like criteria.	Biodiversity Credit Alliance FAQ; IAPB Framework for High Integrity Biodiversity Credit Markets (2024).
Insetting	"Proactive investment within buyers' supply chains" — used in this brief in that specific IAPB sense.	IAPB, Framework for High Integrity Biodiversity Credit Markets (2024).
Payments for ecosystem services (PES)	Voluntary transactions between ecosystem-service users and providers, conditional on agreed natural-resource management rules. Beneficiaries pay providers for a flow of ecosystem services; PES need not create a transferable biodiversity credit.	OECD, Tracking Economic Instruments and Finance for Biodiversity (2024); Biodiversity Credit Alliance FAQ on PES.
Eco-compensation / ecological compensation	No single internationally standardised definition. In China, an umbrella policy approach involving compensation or payments associated with ecological protection and restrictions on development or resource use; institutional form and legal meaning vary by jurisdiction, so this brief uses the term only where it reflects the country or programme concerned.	CCICED / Ministry of Ecology and Environment materials on eco-compensation mechanisms.
Results-based financing (RBF)	An umbrella term for a programme that rewards credible, independently verified results. Nature or biodiversity credits may provide a verified outcome unit within an RBF structure, but RBF does not inherently require credits.	World Bank Group, Results-Based Financing in Education (2017), operating definition.

TERM	DEFINITION / USE IN THIS BRIEF	SOURCE
Nature finance	Finance contributing to the nature-positive goal of halting and reversing nature loss and supporting the GBF, through: (a) restoration and conservation; (b) reduction of direct drivers of loss; (c) nature-based solutions across sectors; and (d) enabling policy and tools.	MDB Common Principles for Tracking Nature Finance, v2 (2025); MDB Common Nature Finance Taxonomy, v1 (2025).
Nature credit	No single globally agreed definition exists that is distinct from “biodiversity credit”. In this brief, “nature credit” is the umbrella term where initiatives encompass biodiversity and/or wider nature outcomes, such as water quality, soil health or coastal protection; where a source specifically uses “biodiversity credit”, that terminology is kept.	Terminological convention for this brief; the substantive biodiversity-credit definition is sourced to BCA/IAPB above.
Mitigation hierarchy	A sequence for managing biodiversity impacts that prioritises avoidance, then minimisation or reduction and restoration, before compensation or offsetting is considered for residual impacts.	BCA FAQ on biodiversity credits and offsets; High-Level Principles to Guide the Biodiversity Credit Market.
Ex-ante biodiversity credit	A biodiversity credit based on projected future biodiversity outcomes over an agreed timescale.	BCA / IAPB / WEF, High-Level Principles to Guide the Biodiversity Credit Market (2025), glossary.
Ex-post credit issuance	Issuance based on biodiversity outcomes that have been verified and validated.	BCA / IAPB / WEF, High-Level Principles to Guide the Biodiversity Credit Market (2025), glossary.

Annex C • Country Readiness Diagnostic

Purpose and How to Use the Diagnostic

This diagnostic is developed as a rapid policy and market-readiness tool, not as a country ranking and not a substitute for project-level integrity assessment. It aims to help governments and MDB country teams identify which enabling conditions already exist, which are developing, and which gaps are material to a specific proposed use case. A country does not need every element rated “Existing” before piloting; for most gaps, a credible plan to close them is sufficient. Rights and consent gaps are treated differently: because free, prior and informed consent must be sought sufficiently in advance of authorisation or project commencement, a credible plan to secure consent after a project has proceeded cannot cure a prior violation, so these gaps should be treated as a precondition to proceed rather than as a gap addressed by a mitigation plan.

It is suggested that the diagnostic may be applied to a defined use case, for example, a voluntary contribution programme for mangrove restoration, a local regulated compensation mechanism, or an MDB-backed results-finance pilot, rather than to “the national nature credit market” in the abstract. Cite evidence for each rating, and identify the responsible institution, the next action, and whether the issue is a pre-pilot requirement or can be developed during implementation.

Rating Definitions

- **Gap** - the required function is absent, materially unclear, or not usable for the proposed use case; action is required before or during pilot design.
- **Emerging** - relevant policy, capacity, infrastructure or practice exists or is under development, but is not yet complete, tested or consistently applied.
- **Existing** - a credible and usable foundation already exists for the proposed use case; it may still need adaptation, interoperability or stronger implementation.

A practical diagnostic workshop can run in three stages: first, pre-populate the table from existing laws, NBSAP/biodiversity finance plans, public-finance rules, environmental programmes, market systems and project evidence; second, validate the ratings with Finance, Environment, relevant line ministries, NDBs/regulators, rights holders and technical experts; third, convert the results into a prioritised 12–24 month action plan. Focus on the few constraints that determine whether a credible pilot can proceed, rather than treating every “Gap” as a reason to build a new institution.

BUILDING BLOCK	GAP	EMERGING	EXISTING / USABLE FOUNDATION
Purpose & market function	No agreed use case or payer.	Priority use cases identified; demand hypotheses being tested.	Clear policy purpose, users/payers and relationship to national strategy.
Legal & policy	Ownership/claims/rights unclear.	Gap analysis and pilot authorisation underway.	Sufficient legal basis and claims/rights rules for intended use.
Governance	Fragmented mandates.	Inter-agency coordination established.	Clear accountable roles and oversight.
Standards & MRV	No feasible method/data pathway.	Methods under assessment; baseline work begun.	Approved/credible methodology and verification capacity.
Infrastructure	No traceability.	Pilot ledger/registry planned.	Functioning issuance/retirement/claims tracking appropriate to scale.
Demand & incentives	No identified payer.	Buyer/funder engagement; anchor demand under negotiation.	Repeat/contracted demand or results-based funding.
Pipeline & finance	No viable projects or preparation funding.	Candidate projects and preparation support.	Financeable pipeline with lifecycle funding.
Rights & benefit-sharing	Rights/tenure unresolved.	Stakeholder process and benefit model being designed.	Clear rights, consent where applicable, governance, grievance and benefit-sharing.

Annex D • Country Case Studies

The four case studies that follow are useful for the institutional and regulatory lessons they offer, but none yet reflects a completed nature-credit transaction: Chile’s system is still under legal review with no registry or credits issued; the Dominican Republic’s is at the design and costing stage; Ireland’s Peatland Standard is a PES-style restoration programme rather than a credit market; and Thailand has live pilot methodologies but no market, legislation or confirmed buyer yet. Readers should treat these as precedents for market design rather than as examples of nature-credit markets already operating at transaction stage. A fifth case worth adding for contrast is Colombia’s biodiversity-offset system under Law 99, a regulated compensation example with an established, longer-running track record.

Four countries shared how they are working through the choices set out in this brief. These summaries draw on structured interviews and, in one case, an initial scoping call, so the level of detail varies. They are presented as evidence, not as models to copy directly.

Chile

STAGE Emerging	LEAD PARTNERS Inter-American Development Bank (IDB); World Bank / Global Environment Facility (GEF)
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Snapshot

Chile is one of the lowest global investors in biodiversity relative to its protected-area coverage. As a high-income country, it has progressively lost access to concessional development finance, pushing it to innovate domestically through green, sustainability-linked and, most recently, biodiversity-KPI-linked sovereign bonds. A long-planned law created a new Biodiversity and Protected Areas Service (SBAP), which became operational in February 2026 and provided a ready vehicle for introducing biodiversity credits as one of several ‘economic instruments’.

The implementing regulation, creating a Biodiversity and Ecosystem Service Certification System, covering both 'seals' (smaller-scale practices) and 'credits' (larger sites), is drafted and under final legal review by the Comptroller General. No credits have yet been issued. Chile also has an active FCPF Carbon operation underway, which offers a relevant comparator for registry and MRV design choices as the biodiversity certification system moves toward implementation.

Readiness highlights

Legal foundations are emerging (the law is in force; the regulation is pending final review). Governance has a clear institutional home (SBAP), though the team is small. Standards and market infrastructure remain a gap, no unit of measurement has been mandated, deliberately, and registries are not yet built. Demand is the single largest gap: no confirmed buyers exist, and compliance-driven offset demand was deliberately excluded from the system.

MDB & partner engagement

The IDB provided technical assistance on the certification/credit regulation and an earlier PES regulation. The World Bank/GEF funds a multi-year economic-instruments project now piloting locally. Chile has also built active relationships with IAPB, the Biodiversity Credit Alliance, and Colombia's Terrasos program.

Demand & finance

No confirmed buyers yet, SBAP calls this the system's biggest open question. Potential future demand may come from voluntary corporate commitments and, over time, from disclosure frameworks like TNFD. Financing to date comes mainly from the GEF pilot project and Chile's own innovative sovereign-bond programme, which sits alongside rather than inside the credit system.

Key lessons

- Fold biodiversity-credit provisions into an already-planned institution rather than legislating a stand-alone instrument.
- Keep methodology and units of measurement flexible rather than mandating one nationally, standardising every ecosystem-specific factor proved unworkable.
- Decide early whether you are regulating a domestic-only market or one designed to plug into international standards, this shapes the whole design.
- Build relationships with the international integrity ecosystem early.

Replication potential

The sequencing lesson, decide who you are regulating for, and your unit of account, before locking in methodology, is broadly transferable, especially for other upper-middle- or high-income countries losing concessional finance. Chile’s decision to exclude compliance offsets from its credit system reflects its own offset regime’s design and may not apply to countries whose offset regimes work more like Colombia’s.

Dominican Republic

STAGE Emerging	LEAD PARTNERS Inter-American Development Bank (IDB) via Terrasos; Global Green Growth Institute (GGGI)
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Snapshot

The Dominican Republic wants to mobilise additional private capital for conservation alongside existing public and cooperation financing, and to strengthen its Environmental Impact Assessment (EIA) process with a clearer mitigation hierarchy and offset mechanism. It is positioning itself as a regional reference point ahead of CBD COP17.

A detailed, costed technical diagnostic of registry options was completed in December 2025 (Terrasos/IDB/MMARN), evaluating four implementation scenarios ranging from roughly US\$150,000 to US\$800,000. Resolution 0028/2025 has already integrated biodiversity and ecosystem services into the EIA process. A decision on which registry architecture to build is still pending. The Dominican Republic also has an active FCPF Carbon operation underway, offering relevant in-country experience for the registry-architecture decision described above.

Readiness highlights

Market purpose and demand is comparatively strong, active, growing private-sector interest is already confirmed (companies including Ecoener, GreenBox and Atabey), though not yet channelled through a formal process. Legal and governance foundations are emerging, with clear institutional leadership from the Ministry of Environment (MMARN) and political backing. Market infrastructure remains the main gap: the registry itself is not yet built.

MDB & partner engagement

The IDB, through Terrasos, delivered the technical diagnostic and costed registry options. GGGI provides ongoing technical and financial support under the Green Climate Fund (GCF) Readiness Programme, including a 12-month in-country presence. The Dominican Republic has also completed a peer-exchange mission to Colombia to study its biodiversity-market experience.

Demand & finance

Demand is already outpacing institutional capacity to process it, a genuine, if unusual, problem to have. Design-phase support comes from the GCF Readiness Programme; registry implementation will need an estimated US\$150,000–800,000 depending on the option chosen. A direct GCF funding proposal for REDD+ is the country's prioritised financing pathway, looking to 2027.

Key lessons

- Strengthen the regulatory framework (the EIA process, the mitigation hierarchy) before designing the market instrument, so the registry has a solid legal foundation from the outset.
- Build on existing carbon-market and Article 6 infrastructure rather than creating a parallel process.
- Commission a costed, comparative diagnostic of implementation options before committing to a registry architecture.
- Formalise inter-institutional coordination, a three-tier Coordination Regulation and RACI matrices, rather than relying on informal arrangements.

Replication potential

The sequencing approach, strengthen regulation before market design, and commission a costed comparative diagnostic before choosing a registry, is readily transferable to other countries at an early or emerging stage, particularly in Latin America and the Caribbean with existing carbon-market experience to build on. The approach does assume a reasonably mature digital-government and carbon-market baseline; countries without this may face a longer path.

Ireland

STAGE

More mature

ENGAGEMENT

Mainly through EU-level bodies rather than an MDB

Snapshot

Ireland's peatland restoration programme is framed around delivering its Nationally Determined Contribution (NDC) commitments. Described by the Irish participant as 'much more mature' than many other countries' experience, it is a long-standing, ongoing programme rather than a new initiative, sitting alongside EU-level discussion (the DG Environment Nature Credit working group) of nature-credit and payment-for-ecosystem-service (PES) policy.

A subsequent public update filled in part of this picture: Ireland's Department of Climate, Energy and Environment has described a Peatland Standard, developed with Peatland Finance Ireland, as a framework for measuring the carbon, biodiversity, water-quality and community benefits of peatland restoration, relevant given that peatlands cover roughly 20% of Ireland's land area, most of it degraded. Pilot projects are underway to demonstrate partnerships between landowners, communities, the private sector and government.

Readiness highlights

A mature, ongoing restoration programme and project pipeline is the country's clearest strength. No formal nature-credit market design has yet been confirmed. The country's most distinctive finding is on rights and safeguards: land purchase and community socialisation were named as the top priority, ahead of restoration activity itself.

MDB & partner engagement

Ireland's engagement runs mainly through EU-level bodies, the DG Environment Nature Credit working group and the EU Joint Research Centre (which has begun researching the social risks of PES schemes), rather than a multilateral development bank. Ireland is contributing to the wider MDB Nature Working Group's case-study process and was invited to participate in CBD COP17 events.

Demand & finance

Not yet available from this initial scoping conversation.

Key lessons

- Treat land purchase and community socialisation as the top priority, ahead of restoration itself, get this right first.
- Local knowledge-holders carry deep understanding of site conditions and, when genuinely engaged, tend to lower project costs, the opposite of what happens when high-cost, technology-heavy monitoring (IoT, blockchain, AI, remote sensing) sidelines them.
- Poorly designed PES schemes risk worsening existing land-use conflicts rather than resolving them, a risk now being studied at EU level.

Replication potential

Ireland's emphasis on socialisation, respect and land purchase as the first priority was described by the MDB consultant on the call as broadly transferable to other jurisdictions exploring peatland-linked restoration or credit schemes, including in South America and sub-Saharan Africa, even where the institutional context differs substantially. A fuller interview would be needed to establish Ireland's specific market design, financing model and formal institutional arrangements.

Thailand

STAGE Early	LEAD PARTNER Asian Development Bank (ADB), including its Regional Flyway Initiative (RFI)
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Snapshot

Thailand's Biodiversity-Based Economy Development Office (BEDO) is exploring biodiversity credits as one tool within a much broader 'nature-positive' agenda, publicly described by the Deputy Prime Minister as a 'new growth engine' and now written into the national development plan. Roughly a year into a dedicated initiative, BEDO has narrowed to two or three reference

methodologies (Terrasos-aligned and Verra) and is piloting them at real sites, including a multi-ecosystem landscape at Kui Buri and a site linked to the Mae Fah Luang Foundation's existing baseline data. No biodiversity-credit market or legislation yet exists in Thailand, and no credits have been issued.

Readiness highlights

Governance and political backing are unusually strong, close, aligned coordination between the Ministry of Natural Resources and the Ministry of Higher Education gives BEDO free access to university biologists it does not have in-house. Standards and MRV work is emerging, including a new wetland biodiversity-credit methodology developed through ADB's Regional Flyway Initiative — filling a genuine gap and positioning Thailand as an early regional mover. Market purpose, legal foundations and market infrastructure remain clear gaps: there is, in BEDO's own words, 'no nature credit or biodiversity market in Thailand' yet, and it remains unresolved whether dedicated legislation is actually necessary.

MDB & partner engagement

ADB is developing the new wetland methodology under its Regional Flyway Initiative and is discussing financing options (BEDO has expressed a preference for a genuine joint project over a standard loan). The GEF funded an earlier bio-tourism project at Kui Buri that now doubles as a pilot site, and the Global Biodiversity Framework Fund (GBFF) is separately funding an early-stage coastal project (ProNature) with potential nature-credit relevance. BEDO also works with Thailand's Securities and Exchange Commission on TNFD-linked corporate disclosure as a possible demand lever even without dedicated legislation.

Demand & finance

Not yet confirmed. Long-running PES programmes (10+ years) provide an existing, proven financing channel. Nature-credit revenue is being deliberately framed as secondary and supplementary to other income (fisheries, agriculture, tourism), one estimate discussed was around US\$2 million in nature-credit revenue against roughly US\$50 million in total project cost across the sites involved, reflecting still-immature pricing.

Key lessons

- Frame nature-credit income as secondary, supplementary income from the very first conversation with communities, a direct lesson from previous over-promised carbon-credit revenue.



- Partner with organisations that already hold comprehensive baseline biodiversity data to accelerate methodology testing.
- Bundle multiple ecosystems within one landscape to reach viable investment scale.
- Build cross-ministerial and university relationships deliberately and early, rather than assuming Thailand's unusually favourable coordination is the norm.
- Secure high-level political support before scaling, test through pilots first, and avoid assuming that international models can be copied directly into the Thai context.

Replication potential

The practice of bundling ecosystems to reach investable scale, and the discipline of framing credit revenue as secondary income from the outset, are both broadly transferable lessons for other early-stage countries, particularly other ASEAN countries and other nations along the East Asian–Australasian Flyway who could benefit from the new wetland methodology.



Comparative Lessons Across the Four Countries

THEME	DOMINICAN REPUBLIC	IRELAND	CHILE	THAILAND	CROSS-CUTTING LESSON
Overall stage	Emerging	More mature	Emerging	Early	Stage varies widely even among engaged countries - tailor support, don't assume one template fits all.
Primary motivation	Mobilise private conservation capital; strengthen EIA-based offsets; position regionally ahead of COP17.	Deliver NDC commitments through peatland restoration.	Domestic innovation replacing shrinking concessional finance; a ready legislative vehicle (SBAP law).	Credits as one tool within a politically championed national growth agenda.	Motivations range from defensive to visionary, but all four anchor the mechanism to something larger than itself, not a stand-alone initiative.
Institutional leadership	Single clear lead agency (MMARN) with a formal, three-tier coordination protocol.	Work spans multiple departments; no single lead confirmed.	New dedicated agency (SBAP), operational since Feb. 2026, but young and small.	Single lead (BEDO) with strong cross-ministry backing, but reliant on external partners for capacity.	Named ownership is now the norm, but doesn't guarantee capacity: young or under-resourced agencies still lean heavily on external partners.
Market instrument	Explicit: a registry-based credit tied to EIA offset obligations.	Not confirmed: restoration programme plus a general PES policy debate.	Furthest along: two defined instruments ("seals" and "credits") under a Certification System regulation.	Not yet defined: no legislation or market exists; 2-3 methodologies being piloted.	Instrument definition spans a full spectrum. Where undefined, the lessons are about people, process and demand, not mechanics, caution against designing too early.
Sequencing approach	Regulatory framework strengthened before market/registry design.	Land purchase and community engagement prioritised ahead of restoration or technical build-out.	Folded credits into an already-in-motion legislative process rather than a stand-alone law.	Piloting methodology and demand relationships before either policy foundation is settled.	No single universal order, each country built on whichever foundation was locally weakest.

THEME	DOMINICAN REPUBLIC	IRELAND	CHILE	THAILAND	CROSS-CUTTING LESSON
MRV and technology posture	Recommends a sophisticated MRV stack (blockchain, ISO standards, interoperable registry).	Explicit caution against costly high-tech MRV that can disengage local communities.	Deliberately non-prescriptive on methodology and units, to avoid an unworkable one-size standard.	MRV design not yet begun; relies on a partner's existing baseline data.	Every case lands on "fit-for-purpose", shaped by what is locally credible, trusted and affordable, not one universal standard.
Development partner role	Deeply embedded MDB support: named IDB operation, GGGI/GCF Readiness Programme.	EU-level engagement (DG Environment, JRC); no MDB client relationship.	IDB (regulatory drafting) and World Bank/GEF (funding a pilot project).	ADB (technical assistance, new wetland methodology); GEF/GBFF funding; prefers a joint project over a standard loan.	MDBs add value at multiple points, technical design, piloting and implementation funding, and cross-country convening.
Community and rights dimension	Not directly addressed in available material.	Central and explicit named the number-one priority, ahead of restoration itself.	Named as an intended outcome; no specific benefit-sharing mechanism yet described.	Addressed mainly as a cautionary lesson, deliberately framing revenue as secondary to avoid over-promising.	The weakest-documented building block across all four cases, the one most likely to be addressed too late.

Annex E • References and Further Reading

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