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# Local leadership in the developing biodiversity credits market

## Introduction

Conserving, restoring and managing the world's biodiversity is an immense and urgent challenge, with one of the main barriers being insufficient and competitive [funding](#). One potential solution to help overcome this funding gap is the emerging biodiversity credits (biocredits) market, which if used to directly support [locally led conservation action](#), and complement other existing mechanisms, could offer a long term financing tool to support nature protection and recovery.

However, developing a robust and credible market

which champions local conservation leadership, upholds human rights, and has a significant and positive impact on biodiversity, is a complex process. Some of the current tensions in that process revolve around determining what a biodiversity unit is, how much it is worth, and how biodiversity improvement or maintenance will be credibly [measured](#). These issues have raised important questions about who decides what biodiversity is important, what monitoring metrics and methods are credible, and what this means for conservation practice.

# Who decides what biodiversity matters?

Given the urgency of the biodiversity crisis and the need to use limited finance in the most impactful way possible, evidence is needed to prioritise actions and make decisions about the value of investing in one conservation action over another. As part of prioritisation, robust definitions around biodiversity importance are needed to integrate global and locally led priorities.

At the global level, to enable the market, biocredits standards and market facilitators need to produce a set of rules and requirements that projects must meet to gain certification. This necessarily requires a level of guidance from actors external to the site of project implementation.

Regarding biodiversity priorities, most of the emerging standards and methodologies are currently drawing on systems like the IUCN red list, or on previous scientific work that has built stronger databases on specific taxonomic groups (e.g., data on [birds and mammals](#) are more complete than for other groups). Based on those systems, some of the standards and methodologies are therefore being prescriptive about which taxa and areas should be monitored.

In practice, this means that taxa and ecosystems not included in those frameworks are automatically categorised as less important for biocredits. Is that a fair representation of priorities on the ground?

Whilst biocredits should undoubtedly be informed by global science, the market should also account for the range of values from cultural, traditional, and locally-relevant science that are needed to determine what biodiversity should be managed. Examples of locally relevant value systems are:

- Country-specific biodiversity priorities, such as those included in the banned species list of Colombia (especies en veda), which lists taxa locally threatened but not always part of the IUCN red list or global databases;
- Biodiversity important to communities because of its connection with people's livelihoods. For instance, palm trees in the neotropics which are commonly used to make crafts and art;
- Ecosystems or species associated to people's beliefs, such as *Ceiba pentandra* which is a sacred tree in some areas of Belize.

People will protect what they care about, and integrating the deep ecological knowledge and cultural values for nature held by local people, together with science, are a vital part of making [conservation work](#).

This has been increasingly acknowledged, and the [Global Biodiversity Framework](#) (GBF) has gone further than ever before in incorporating local knowledge in biodiversity management (e.g., Target 19). We are also seeing changes in the language used in the carbon markets and traditional conservation with respect to the role of Indigenous Peoples and Local Communities (IPs and LCs), and a growing voice for IPs and LCs in some of the biocredits [networks](#).

Given this sector wide shift, methodologies and standards for biocredits have an opportunity to drive change towards truly grounded and practical conservation, bridging the divide between local and external priorities, and elevating local leadership.

If this opportunity is not taken, there is a real risk that the biocredits market serves to entrench top-down, externally driven conservation values and practises, and fails to secure the local support, experience and knowledge needed to make conservation successful. Ultimately, we would fail at halting the biodiversity crisis and deeply undermine nature's capacity to mitigate and underpin resilience to climate change.

Top-down protocols risk creating data only useful for the market, preventing connection with the wider conservation work at project sites, and undermine the permanence of conservation actions and outcomes. We therefore advocate that those who live closest to biodiversity play a central role in deciding which taxa and areas are monitored to generate biocredits. To enable this, guidance from standards and market facilitators (e.g., IAPB, WEF, BCA) need to support flexible methodologies and secure opportunities to integrate local experts' advice for biodiversity management into project design.



# Who decides what metrics & methods count?

Whose values of biodiversity dominate, also influences which metrics and methods are selected. This selection in biocredits needs to be partially driven by global standards, because they need to provide the minimum requirements for projects to prove multitemporal improvement/maintenance of biodiversity. Further, those minimum requirements are needed to enable a robust market, securing the conditions for buyers' uptake and credibility in the supply of biodiversity outcomes.

For this, a level of standardisation is required. However, we are seeing excessive homogenization in some of the approaches under development, specifically in those that pursue the idea of unit homogeneity at a global level. Biodiversity is intrinsically variable, and metrics and methods therefore need to be adapted to the ecology and stakeholders at project site.

In terms of ecological suitability, several conditions should be considered. For instance, the monitoring intervals should be determined by the rates of change of a given ecosystem and the chosen indicators. Take vegetation structure in the lowland rain tropical forest versus high altitude tropical vegetation as an example: rates of change after project interventions will be slower in the latter, and it could be a waste of local resources to monitor at the same frequency in both areas for biocredits<sup>1</sup>.

Having protocols that are flexible and adaptive, will partially sacrifice fungibility<sup>2</sup>, but in practice biodiversity is not interchangeable, and excessive standardization increases the risks of overlooking the local particularities of project sites. These particularities are well known by experts from IPs, LCs and local scientists. They hold the most site-specific knowledge to make decisions about monitoring design, and standards must recognise the importance of their leadership and guidance.

Regarding socioecological appropriateness, decisions about metrics and methods need to consider that local stakeholder groups also vary significantly among sites. Some methods will be more suited to certain groups depending on their existing skills, ambitions for capacity building, level of comfort with technology, previous work on biodiversity and existing conservation goals, among others.

In the current biocredits landscape, we are seeing a wide range of approaches; some are requiring the use of costly technology or specific indicators, regardless of how those could negatively impact accessibility, or their alignment with ongoing local conservation strategies. These top-down frameworks could diminish local stakeholders' project ownership and participation, and lose the relevance of the data beyond serving market requirements for biocredits. They could also derail successful ongoing conservation work, by promoting the adoption of protocols that focus on the needs of external actors, but which constrain effectiveness on the ground. Ultimately, the latter is a risk to conservation effectiveness and thus overall effectiveness of the market.

With the idea of unit homogeneity and global standardisation in biocredits, there is a risk that biodiversity value will be defined by what is only measurable under prescriptive protocols, rather than what is locally most important and relevant. This could drive what is valued as a biodiversity outcome into increasingly narrow frames.

A market-driven shift towards global standardisation in metrics and methods could also lead to unintended impacts on biodiversity management and conservation more broadly, reducing the scope of global conservation efforts, leaving less space for other forms of locally led action, and therefore impacting the likelihood of mitigating biodiversity loss and achieving nature recovery.

This risk is especially high where locally led and long-established conservation management and monitoring protocols are already in place. In these contexts, imposing specific novel metrics and methods may mean that established and effective monitoring is abandoned, as limited resource is allocated to new approaches. The utility of years of experience and data could be lost, and the new data may not be appropriate for assessing the impacts that are most important for the local people most affected by (and relied upon for) conservation efforts - which in turn could impact their effectiveness.

The development of top-down monitoring systems fails to recognise the recurrent message of the context-specific nature of conservation interventions, and the fact that a one-size-fits-all approach cannot address the real-life variability of situations on the ground.

<sup>1</sup> There will be nuances. For instance, if local scientists are interested in making comparisons among ecosystems, among many others. However, the decision should stay with local stakeholders and should not be made within prescriptive, top-down protocols

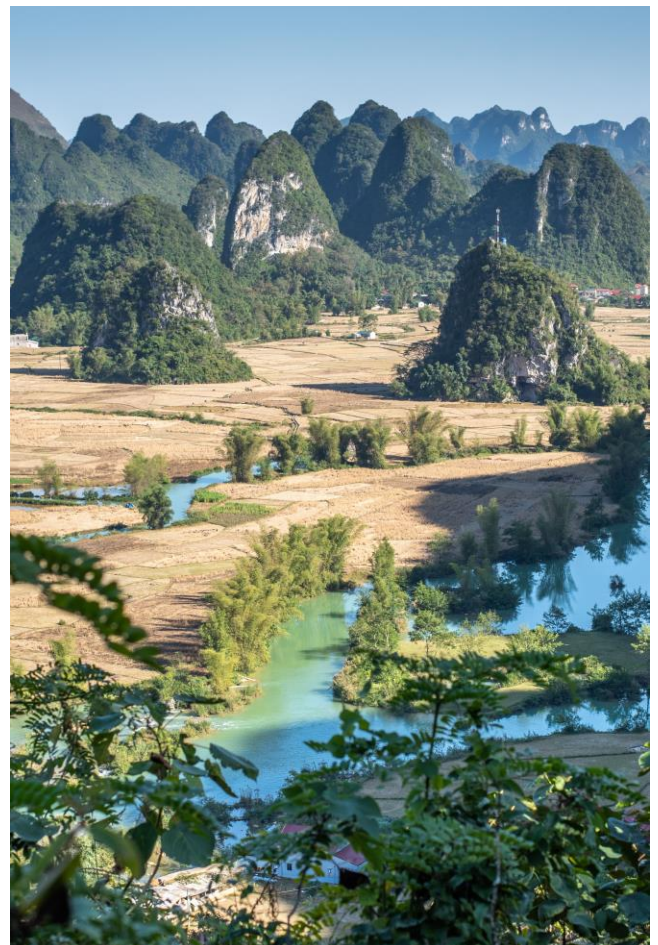
<sup>2</sup> Note that there are numerous markets which produce non-homogenous biodiversity-based products and they are well established and adopted by societies.

## Key messages

- The evolving biocredits market must recognise the active leadership of local people and governments, and empower them to be decision makers in biodiversity priorities, metrics and methods.
- Fauna & Flora recommends that this emerging market enables robust but flexible methodologies, and for standards to maximise opportunities to connect with locally-led, successful and ongoing biodiversity management.
- Standardisation of units, metrics and methods should be done at ecological and socio-ecological relevant scales. For instance, per biome (e.g., lowland rain forest) and linked to local stakeholders' priorities for biodiversity.
- The market needs to support corporates in adopting a market where units are not homogeneous by unpacking links between biocredits projects and the GBF targets, countries' National Biodiversity Strategies and Action Plans (NBSAPs), The Taskforce on Nature-related Financial Disclosures (TNFD), Science-based Targets for Nature (SBTNs) and corporates philanthropic ambitions.
- While it will take more time and effort to define biodiversity units that are standardised to a local level, and are tailored to specific corporate goals, this action will be critical for achieving high integrity in the market, and ensuring it can be sustainable in the long term.
- We urge market leaders and innovators to take the opportunity to unite across the spectrum of actors that are needed to drive nature recovery and to elevate the voices of those who have been historically underserved in the nature markets and conservation contexts.



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## Key Messages – detail

The evolving biocredits market must recognise the active leadership of local people and governments, and empower them to be decision makers in biodiversity priorities, drawing on their own knowledge systems. Biodiversity importance, metrics and methods should not be dictated by external actors that focus on the needs of the market and their commercial ambitions, at the expense of the participation of local stakeholders.

Fauna & Flora recommends that this emerging market enables robust but flexible methodologies, and for standards to maximise opportunities to connect with locally-led, successful and ongoing biodiversity management. Top-down approaches risk becoming irrelevant to local stakeholders and could prevent local project ownership and the delivery of permanent outcomes.

One pathway towards reconciling the multiple interests that are relevant in the creation of this market (e.g., commercial, biodiversity conservation, local values and livelihoods of nature stewards) and the need for standardisation at appropriate levels, will be to seek comparability only at ecological and socio-ecological relevant scales. This might mean, for instance, per biome (e.g., lowland rain forest) and linked to local stakeholders' priorities for biodiversity, including local strategies and goals for biodiversity conservation, and Indigenous People and Local Communities' values. This could be strengthened by integrating lessons from the [biodiversity conservation sector](#) and NGOs, some of which have decades of experience in aggregating bottom-up indicators without homogenization on the ground, across sites, of what and how biodiversity is measured.

On a practical level, the market needs to support corporates in achieving their nature-related targets and requirements, ultimately accelerating the pace and scale of positive business action on nature. To support corporates in adopting a diverse market where trading units are not homogenous, and in building the connections between their nature-related risks and dependencies with the potential claims within the biocredits market, we could strengthen relationships between suppliers, standards and buyers to translate which projects are most relevant for corporates' particular goals.

This might include unpacking links between biocredits projects and the GBF targets, countries' National Biodiversity Strategies and Action Plans (NBSAPs), The Taskforce on Nature-related Financial Disclosures (TNFD), Science-based Targets for Nature (SBTNs) and corporates philanthropic ambitions. Certification bodies, independent governance bodies, or official institutions in countries where the appropriate

dependency for nature markets already exists, could be key players in adopting this role.

While it will take more time and effort to define biodiversity units that are standardised to a local level, and are tailored to specific corporate goals, this action will be critical for achieving high integrity in the market, and ensuring it can be sustainable in the long term.

Integrity in nature markets is about verifiable and comparable data, but it is fundamentally about ensuring long term and effective biodiversity conservation. Necessarily this requires that integrity also focusses on connecting with local biodiversity priorities, elevating the role of local stakeholders, valuing local traditional and scientific knowledge, increasing local capacities and including opportunities to decide what, why, and how biodiversity is monitored. Balancing local relevance and practicality, with standardisation and comparability is essential for high integrity, to address the global biodiversity crisis, and to avoid perverse market-driven outcomes.

We encourage standards, methodology developers, policy makers, potential buyers and philanthropic funders to utilise and support pilot projects to test ways of incorporating a range of biodiversity values, using locally appropriate monitoring and methodologies that meet the needs of the emerging market without sacrificing the needs of projects and people on the ground.

If potentially influential schemes like the biocredits market can consider and account for the range of needs, from those delivering conservation to those funding it, in how biodiversity is valued and what and how it is monitored, then there is potential that this approach could do more than simply fund conservation. Instead, it could provide an opportunity to bring about seismic shifts in making conservation more effective, equitable, and to take steps to redress historical power imbalances and channel finance to the Indigenous People and Local Communities that are the world's predominant biodiversity stewards. This type of approach could have positive repercussions across the whole range of conservation funding streams.

Biocredits hold invaluable potential to help close the nature finance gap, whilst supporting local people, reducing nature loss and supporting corporate targets. Hence, we urge market leaders and innovators to take the opportunity to unite across the spectrum of actors that are needed to drive nature recovery and to elevate the voices of those who have been historically underserved in the nature markets and conservation contexts.

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