Friends of the Earth Europe

ROSA LUXEMBURG STIFTUNG
BRUSSELS OFFICE

SELLING NATURE:
THE EU'S ROLE IN CREATING MARKETS FOR BIODIVERSITY

Simon Counsell
Clara Bourgin

SELLING NATURE: THE EU'S ROLE IN CREATING MARKETS FOR BIODIVERSITY

Simon Counsell – Clara Bourgin

Rosa-Luxemburg-Stiftung Brussels, 2025

CONTENT

Preface 6

Introduction 8

1 Origins and evolution of biodiversity credits 16

Tracing the roots of biodiversity credit markets 18

Challenges and criticisms of biodiversity credits 24

2 The development of nature crediting in EU policy 36

Foundational frameworks for nature crediting in EU policy 38

Roll-out of EU financial support 39

The EU's Climate Biodiversity Nexus study 41

The Carbon Removals Certification Framework 43

3 The European Commission's current plans for nature credits 50

The EU's Roadmap towards Nature Credits 52

The Expert Group on Nature Credits 55

The European Commission's pilot projects 56

4 The way forward 68

Alternatives to nature credits 70

Conclusions 74

Recommendations 76

ROSA-LUXEMBURG STIFTUNG

The Rosa-Luxemburg-Stiftung is an internationally operating, left-wing non-profit organisation providing civic education. It is affiliated with Germany's 'Die Linke' (Left Party). Active since 1990, the foundation has been committed to the analysis of social and political processes and developments worldwide.

The Stiftung works in the context of the growing multiple crises facing our current political and economic system. In cooperation with other progressive organisations around the globe, the Stiftung focuses on democratic and social participation, the empowerment of disadvantaged groups, and alternative economic and social development. The Stiftung's international activities aim to provide civic education by means of academic analyses, public programmes, and projects conducted together with partner institutions.

The Rosa-Luxemburg-Stiftung works towards a more just world and a system based on international solidarity.

FRIENDS OF THE EARTH EUROPE

Friends of the Earth Europe campaigns for environmentally sustainable and socially just societies, unites around 30 national organisations and thousands of local groups, and is part of the world's largest grassroots environmental network, Friends of the Earth International.

The network challenges the dominant model of economic and corporate globalisation, and promotes solutions that foster environmentally and socially just societies. Its vision is of a peaceful and sustainable world based on societies living in harmony with nature. This world will be built on peoples' sovereignty and democratic participation. It will be founded on social, economic, gender and environmental justice and free from all forms of domination and exploitation, such as neoliberalism, corporate globalization, neo-colonialism, racism, patriarchy and militarism.

PREFACE

Across the world, the accelerating ecological crisis has become impossible to ignore. Forests, wetlands, coastlines and farmlands are under mounting pressure — from the same economic forces that have long extracted wealth from workers and communities.

What was long ago a common good has been and continues to be marketed as a frontier for capitalism's hunger for ever-bigger profits — packaged, quantified and traded.

The latest instance of this destructive development is the concept of nature credits. In 2025, the European Commission launched a call to the market to come help save what the market continues to destroy. But its quest to make ecological collapse profitable is a dead-end for our planet.

While publicly acknowledging the urgency of biodiversity loss and climate breakdown, EU governments have pursued austerity-driven budget proposals, eroding the public spending necessary for social well-being and meaningful ecological restoration. Instead, the EU is chasing false hopes of increasing the competitiveness of European private companies through deregulation, and promises saving Europe's industrial base through a massive militarisation across the continent.

To make up for the public funds redirected from climate and biodiversity spending, the Commission now brought out the concept of nature credits, promoted as "voluntary markets" to help incentivise nature-positive action. It remains unclear how these markets would be set up or governed. But as the concept is already being developed with several pilot projects, this study aims to take a closer look at the Commission's plans, exposing the interest groups and political motivations behind nature credits.

The study emerges from the urgent need for a recognition that the struggle over nature is inseparable from the wider struggle over our society and economy. The still-dominant political paradigm rests on the false idea that human prosperity can be pursued independently of ecological wellbeing — a separation that ultimately serves those who profit from both environmental destruction and the exploitation of labour. This system is funnelling the amassed capital upward while externalising social and ecological costs, falling especially on those most vulnerable.

Against this backdrop, we need a critical, systemic analysis of the EU's approach to enable us to counter an agenda of technocratic fixes that further entrenches existing structural power imbalances. Instead, we must come together to work on building a strong socio-environmental policy agenda that can confront the structural drivers of ecological destruction. This publication aims to provide a clear analysis of how biodiversity credits fit within today's political and economic landscape, and a tool for movements, researchers and decision-makers working toward an ecological and socialist alternative — one that treats nature not as a certificate to buy, but as the shared foundation of our collective future.

Alexandra Gerasimcikova
Project Manager at Rosa-Luxemburg-Stiftung, Brussels Office

INTRODUCTION

"We have to put nature on the balance sheet.
That's exactly what nature credits do."

Ursula von der Leyen,
President of the European Commission (EC 2025)

With these words, Commission President Ursula von der Leyen launched the EU's new Roadmap towards Nature Credits in July 2025, marking a significant shift in the Union's environmental policy. The initiative seeks to transform the protection and restoration of nature into a field of financial investment — positioning ecosystems as assets and biodiversity outcomes as tradable units.

The concept of nature or biodiversity credits has been emerging in conservation policy circles for several years. In essence, nature credits are certificates — called "credits" — issued to private or public actors as evidence of measurable improvements in biodiversity, such as restored habitats, increased species richness, or avoided ecosystem destruction.

Advocates frame the idea as a way to mobilise private finance for conservation by creating market-based mechanisms to value and reward "nature-positive" actions. According to the Commission, nature credits represent:

"An investment into nature-positive actions by a company, a financial institution, a public entity or a citizen, which in return can benefit from cleaner ecosystems, risk reduction, improved reputation and higher social acceptability for its projects. Those nature-positive actions can be valued and certified by an independent organisation, thus providing credibility to investors sponsoring the action through nature credits." (EC 2025)

A more concise definition is offered by one of the concept's key global promoters, the World Economic Forum (WEF):

"*A verifiable, quantifiable and tradeable financial instrument that rewards positive nature and biodiversity outcomes (e.g. species, ecosystems*

and natural habitats) through the creation and sale of either land or ocean-based biodiversity units over a fixed period." (WEF 2022)

Over the past few years, the Commission has made the expansion of nature crediting a priority in its environmental agenda. The Roadmap towards Nature Credits outlines a plan to turn nature into an asset attracting investors. To do so, it proposes to develop credit methodologies, establish markets by 2027, and test the concept through a series of EU-funded pilot projects — both within Europe and in the Global South. In doing so, the EU has positioned itself as a central actor in shaping the global trajectory of nature credits.

The growing promotion of nature crediting has been closely tied to the idea of a "biodiversity funding gap" and the claim that private sector investment is needed to fill it. This agenda has gained momentum in a broader context of public spending cuts across Europe, shaped by austerity. In effect, nature crediting encourages private investors to step in where the state retreats. It offers a mechanism for redirecting parts of public subsidies for farmers, foresters, and landholders toward the private sector. For instance, landholders or managers could be incentivised to generate income through the sale of nature credits by storing carbon in soils or enhancing vegetation on their land.

A key political motivation behind this approach has been the persistent pressure to reduce the cost of the Common Agricultural Policy (CAP), the main EU policy that provides support to farmers and the agricultural sector and which accounts for roughly one-third of the EU's total budget. With the current CAP funding period ending in 2027 and negotiations for the next already underway, financial considerations are at the forefront. In a speech on conservation in September 2024, von der Leyen explicitly endorsed nature credits, stating that "we need new financial tools to compensate farmers for the extra costs of sustainability."[1]

The growing focus on nature crediting also comes at a time when the EU's state of nature is deteriorating rapidly. According to the European Environment Agency's 2025 report, biodiversity across the Union is collapsing at an alarming rate, with natural resources under severe and unsustainable pressure. Over 80 percent of protected habitats are in poor or bad condition; between 60 percent and 70 percent of soils are degraded; and only 37 percent of surface waters remain in high or good ecological status.[2]

In this context, it remains highly uncertain whether market-based mechanisms such as nature credit schemes can deliver the protection, conservation, and restoration that Europe's ecosystems urgently need — especially if this shift coincides with reduced public funding, weaker regulation, and continued environmental destruction.

So far, it is unclear how these markets would be set up or governed. Yet, the initiative is already generating significant concerns — not only about the way in which it is being developed by the Commission, but also about draft rules and mechanisms under discussion. Even as the Commission moves ahead with nature crediting, many of the fundamental problems and controversies surrounding the concept remain unresolved.

This study examines the current state of nature and biodiversity crediting to inform policy decisions. It traces the evolution of the EU's policies and programmes on nature credits, analyses ongoing and planned initiatives, and reviews the pilot projects designated for testing these mechanisms. The report concludes by outlining alternative approaches to biodiversity protection, followed by key conclusions and policy recommendations.

GETTING THE TERMINOLOGY STRAIGHT

BIODIVERSITY CREDITS VS. NATURE CREDITS

While "biodiversity credits" and "nature credits" are sometimes used interchangeably, the Commission primarily uses the term "nature credits."

Nature credits are generally understood as a broader concept than biodiversity credits. Loosely defined, they can also include, for example, carbon credits with associated requirements for protecting nature or biodiversity. Commission President Ursula von der Leyen has invoked new payment mechanisms for a wide range of ecosystem functions — including soil protection, water, and air — rather than specifically targeting only biodiversity.[3] Schemes involving such payments are being developed in parallel Commission policies, such as the Carbon Removals Certification Framework (CRCF), which relates to land management, soils, and "carbon farming." (see Chapter 2).

Despite these broader political statements, recent EU developments seem to focus primarily on biodiversity credits. For this reason, this study covers nature credits that directly relate to biodiversity.[4] This report refers to biodiversity credits when discussing earlier or international developments, and nature credits when referring to EU-specific plans.

BIODIVERSITY CREDITS VS. BIODIVERSITY OFFSETS

Unlike traditional biodiversity offsets, which are usually tied to compensating for ecological damage, biodiversity credits are often described by proponents as reflecting positive, additional gains. However, this is not necessarily the case in reality. In practice, many early nature crediting schemes — including at least one of the Commission's pilot projects — focus more on maintaining existing biodiversity than enhancing it. As a result, scientists and civil society organisations warn that biodiversity credits may function similarly to offsets.[5] Furthermore, strong demand for biodiversity credits beyond offsetting purposes is unlikely, and most credits are expected to be used primarily for compensation.[6]

BIODIVERSITY CREDITS VS. BIODIVERSITY CERTIFICATES

According to the Commission, biodiversity credits are tradeable units representing verified gains in biodiversity that can be "registered, banked, and transacted."[7] In contrast, biodiversity certificates are described as non-tradeable recognitions of conservation or restoration achievements that may serve as precursors to credits, documenting verified progress toward biodiversity gains. In the Commission's Roadmap towards Nature Credits, the distinction between certificates and credits remains blurry. The final text refrains from formal definitions, leaving the relationship between the two open to further development.

BIBLIOGRAPHY

EC (2025). Questions and answers on Nature Credits Roadmap. Available at: https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_1680 (18 August 2025)

WEF (2022). How biodiversity credits can deliver benefits for business, nature and local communities. Available at: www.weforum.org/reports/biodiversity-credits-deliver-benefits (16 August 2025)

REFERENCES & NOTES

1 EC (2024). Keynote speech by President von der Leyen at the DLD Nature Conference, 13 September, 2024 Munich. Available at: https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_24_4668 (14 July 2025).

2 European Environment Agency (EEA) (2025). Europe's environment and climate: knowledge for resilience, prosperity and sustainability. Available at: /www.eea.europa.eu/en/europe-environment-2025/main-report (22 August 2025).

3 EC (2024). Nature credits to reward local communities and farmers, who provide 'ecosystem services.' Speech by Ursula von der Leyen. Available at: www.youtube.com/watch?v=0mHkSIC3vn8 (16 August 2025).

4 EC (2025). Climate Biodiversity Nexus. Final Report, ICF/Perspectives. Available at: https://op.europa.eu/en/publication-detail/-/publication/255e96d0-5625-11f0-a9d0-01aa75ed71a1/language-en (14 July 2025).

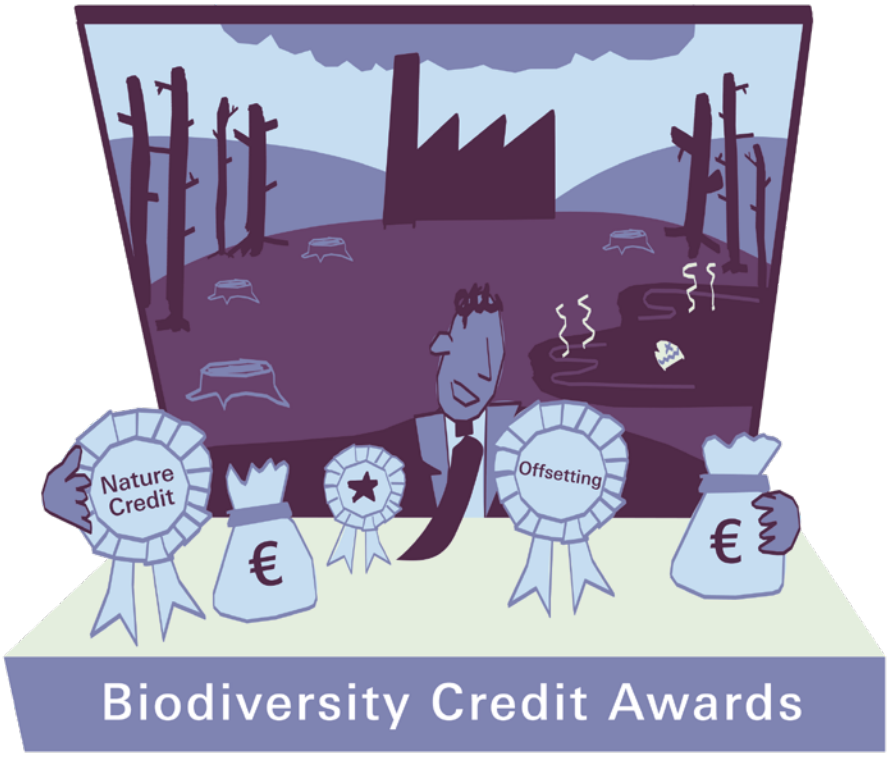
5 Friends of the Earth International (2024). The Biodiversity Market Mirage. Available at: www.foei.org/publication/biodiversity-offsetting-crediting-report (16 August 2025).

6 Green Finance Observatory (2025). Roadmap to Ruin. Available at: https://greenfinanceobservatory.org/2025/07/07/roadmap-to-ruin (16 August 2025).

7 EC (2025). Roadmap to Nature Credits. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM/2025/374 Final. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=comnat:COM_2025_0374_FIN (14 August 2025).

ORIGINS AND EVOLUTION OF BIODIVERSITY CREDITS

1



TRACING THE ROOTS OF BIODIVERSITY CREDIT MARKETS

The concept of nature credits has its historic roots in earlier environmental policies and finance models, especially biodiversity offsetting, which developed in Europe and the US in the 1970s. It reflected a broader neoliberal shift at the time, addressing environmental issues through market logic rather than direct state intervention.[8,9]

These mechanisms aimed to permit development — such as building homes, factories, mines, or infrastructure — while compensating for environmental losses by requiring developers to offset an equivalent ecological value. For example, if a project damaged a wetland, the developer would be required to offset the damage — create, restore, or protect a similar area of habitat elsewhere.

Simultaneously, governments, international organisations, and financial actors have increasingly promoted the notion of the economic "value" of nature. Carbon credit markets have been developed, allowing polluters to buy and sell standardised units of carbon dioxide emissions avoided or stored. This market-oriented model of conservation reflects the interests of large corporations seeking to circumvent cumbersome regulatory constraints, as well as the hesitations of governments to implement or enforce environmental legislation (see next section). Some big conservation NGOs have also promoted biodiversity or nature crediting as a way to expand investment and revenue,[10] while the creation of a potentially large new asset class of "nature" has attracted the interest of financial institutions such as the European Investment Bank (EIB).[11]

NATIONAL SCHEMES

The concept of biodiversity credits has been trialled through several national schemes over the past decade. Australia launched its Biodiversity Offsets Scheme in 2012, followed by France's natural compensation programme in 2015. The most developed and largest operational scheme emerged in New South Wales in 2017. This programme allows developers to offset ecological damage by purchasing biodiversity credits and reportedly involves trades worth around €300 million, creating a formal market for credits and financial opportunities for landholders managing conservation sites.[12]

However, the scheme has faced significant criticism. Investigations by the New South Wales Auditor-General and independent scientists found that it systematically overestimates the availability of offsets, fails to ensure "like-for-like" compensation — i.e. creating or restoring a habitat or species that is the same or very similar to the one impacted by a project — and permits destruction of critical habitats.[13] Its website is almost a parody of nature commodification: it highlights varying prices for species credits — for example, A$550 for a koala credit and A$800 for an emu credit.[14] According to the report from the Audit Office of New South Wales, the scheme enables greenwashing, undermines biodiversity protection by allowing continued destruction of native habitats, privileges corporate developers, lacks transparency, and suffers from weak monitoring and enforcement of conservation commitments. Despite these concerns, a national expansion of the scheme was launched in early 2025.

In England, the Biodiversity Net Gain (BNG) market was introduced in 2024. Using standardised biodiversity units defined by a government metric, developers can purchase government-issued biodiversity credits.[15] Early outcomes of this mandatory scheme include some areas being set aside as offsets for biodiversity.

Yet, early results have fallen short: only half of expected habitat gains have materialised, and many doubts remain about ecological effectiveness and enforcement.[16] Critics highlight uneven or inconsistent environmental contributions, limited awareness among small developers and homeowners, and concerns that the metric may not translate into real-world biodiversity improvements.[17, 18] Moreover, the roll-out of BNG in England has progressed far more rapidly than the UK government's wider efforts to restore depleted species, habitats, and ecosystems. The independent Office for Environmental Protection reported in 2024 that the UK was not on track to meet statutory targets to halt and reverse nature's decline under the 2021 Environment Act.[19] This has raised concerns that the government's strong focus on BNG has become a distraction from the more urgent and comprehensive measures needed for genuine nature recovery.[20]

France launched its Sites for Nature Compensation, Restoration, and Rewilding (SNCRR) scheme in 2023, under which credits can be

issued to landowners or project developers for activities improving biodiversity.[21] These improvements are measured in specific units for compensation, restoration, or rewilding. In turn, developers who want — or are legally required — to offset the environmental damage of their projects can buy these units to meet their obligations. Some projects may also generate carbon credits under the French "low-carbon" label. However, while this scheme introduces the concept of credit or unit purchasing, it does not establish a market. Once purchased, the units cannot be traded again on a secondary market.[22] They are retired immediately after fulfilling their compensatory purpose rather than being traded as financial assets.

PRIVATE AND INTERNATIONAL FRAMEWORKS

Apart from country-led regulatory schemes, numerous biodiversity crediting pilot projects, standards, and registries have been developed by private actors and some conservation NGOs since the mid-2010s. These broadly replicate the structures and procedures used in the much longer-established voluntary carbon markets, which allow companies or individuals to buy credits to offset emissions beyond legal requirements by funding projects that supposedly reduce greenhouse gas (GHG) emissions or remove CO_2.

The only central database of such projects was created by the UK-based consultancy BloomLabs, which reported that as of May 2025, around 370 biodiversity credit "suppliers" existed.[23] The number of projects actually generating, or close to generating, credits is probably much lower. The country with the largest number of biodiversity credit suppliers (actual or potential) is the UK, followed by the US, France, Germany, Australia, and Brazil.

Moreover, BloomLabs reports that its database contains 32 organisations involved in developing biodiversity standards or methodologies. At present, around half a dozen of these are the most prominent and are being trialled or actively implemented.[24] At the same time, many other standards are still under development. Predictably, all these different biodiversity crediting schemes rely on different metrics, biodiversity units, and monitoring methods, which underlines the inherent difficulty — or even impossibility — at the root of international nature or

biodiversity credit trading schemes: finding a common "unit of nature" that can be exchanged in a market.

In terms of multilateral institutional actors, biodiversity crediting received a significant boost with its inclusion in the Kunming-Montreal Global Biodiversity Framework (KMGBF), a global 10-year action plan for biodiversity adopted at the UN Convention on Biological Diversity's Conference of the Parties in 2022.[25] The Framework explicitly calls for the mobilisation of at least $200 billion per year until 2030 from public and private sources, and under this target, it includes payments for ecosystem services, green bonds, biodiversity offsets, and credits.[26]

MANUFACTURING CONSENT AROUND NATURE CREDITING

In an attempt to standardise and institutionalise the concept, various initiatives have recently emerged to manufacture consensus around nature crediting, notably the Biodiversity Credit Alliance (BCA) and the International Advisory Panel on Biodiversity Credits (IAPB).

Formed in 2021, the BCA is a coalition established by the UNDP, UNEP, and NatureFinance,[27] and funded by the governments of Germany and Sweden. It describes itself as a "group of scientists, academics, conservation practitioners, and standard setters" whose purpose is to "provide guidance for the establishment of a credible and scalable market that stands up to the scrutiny of multiple stakeholders."[28]

The IAPB was launched in June 2022 by the UK and French governments. It aims to facilitate the creation and growth of "high-integrity biodiversity credit markets" and to encourage supportive policy and regulatory mechanisms. Its membership includes governments, multilateral bodies, NGOs, Indigenous representatives, businesses, and finance institutions. It has become one of the key actors in discussions about biodiversity crediting.

Both these organisations frame biodiversity crediting as an inevitable development. By producing shared principles, guidelines, and "best practices," they create an appearance of broad agreement while marginalising critical voices that question the commodification of nature. Their "multi-stakeholder" processes seek to legitimise biodiversity credit markets and help embed them in global biodiversity finance agendas.

In doing so, they steer debate towards market-based instruments as the default approach.

Both organisations have collaborated closely with the World Economic Forum (WEF). The WEF has also been central in promoting biodiversity crediting, publishing a series of influential reports with McKinsey, one of the world's largest and most prominent consulting firms representing predominantly corporate interests. These reports project vast future markets, provide "high-integrity" guidance, and consolidate corporate alliances through initiatives such as the Frontrunners Coalition.[29] These efforts consistently downplay fundamental flaws, portraying problems as merely technical while focusing on market growth scenarios and calling on governments to encourage greater private and public investment. The Commission's Roadmap towards Nature Credits, a key document launching the concept at the EU level and discussed later in this study, echoes the WEF's language, framing, and even terminology, demonstrating the WEF's strong influence. Like the WEF, the Commission has avoided questioning whether biodiversity markets are an appropriate approach or whether they could ever fulfil their promises, concentrating instead on facilitating them.

All these developments have been accompanied by a sharp surge in interest in biodiversity crediting, reflected in a growing number of start-ups, market intermediaries (such as certifiers and consultants), and service providers operating in this space. In 2024, the BloomLabs database of organisations involved in the voluntary biodiversity market contained about 450 entities. By April 2025, this had more than doubled to over 1,000.[30]

However, despite this explosive growth in organisations involved in voluntary biodiversity crediting activity, actual sales of such credits remain extremely limited. In early 2025, the total value of all public voluntary biodiversity credit transactions globally was estimated at less than $6 million,[31] nearly half of which was accounted for by a single transaction.[32] The volume of credits represented is unclear, and there is considerable variation in what any given credit might represent and therefore how much it costs.

Despite this reality, proponents of biodiversity crediting — including the Commission — continue to expect the size of the market to grow enormously in the coming years.

INTEGRITY IN BIODIVERSITY MARKETS: BUZZWORD VERSUS REALITY

The term "integrity" has increasingly become a buzzword in biodiversity markets, reflecting both a response to past failures in carbon and nature-based markets and the growing need to signal trust and credibility to investors, regulators, and the public. Its rise has been driven by lessons from controversial carbon offset projects and increasing scrutiny from civil society and the media. In these contexts, integrity generally refers to the robust measurement and verification of biodiversity outcomes.

However, while the term seeks to signal high standards, it carries significant risks. One major risk is that "integrity" may be invoked as a marketing or rhetorical tool without any real, enforceable criteria, allowing projects to claim credibility without delivering tangible benefits. Ambiguous or inconsistent definitions can lead to fragmentation, with multiple standards and methodologies creating confusion and potentially enabling loopholes. Even standards or projects considered "high integrity" do not necessarily guarantee strong biodiversity outcomes. For example, frameworks such as the IAPB standards — while more robust than some alternatives — still allow local offsetting, permit secondary market trading, and enable the ex-ante sale of credits for avoided destruction, creating opportunities for credits to be issued without demonstrable ecological benefit.[33]

CHALLENGES AND CRITICISMS OF BIODIVERSITY CREDITS

LESSONS FROM CARBON CREDITS

The experience of carbon markets provides critical lessons for biodiversity and nature crediting. After more than two decades of experimentation, carbon credits have largely failed to deliver meaningful reductions in greenhouse gas emissions. Instead, they have generated widespread scandals and controversies. Numerous studies and investigative reports have revealed that many credits were effectively worthless in climate terms. A Nature meta-analysis, for instance, found that fewer than 16 percent of the credits examined showed real and verifiable emission reductions.[34] Since 2021, this credibility crisis has triggered a collapse in market confidence: carbon credit prices have fallen by more than 90 percent, and the overall value of the voluntary carbon market has shrunk by nearly 75 percent.[35]

Beyond questions of environmental effectiveness, carbon markets have also caused significant social harm. Projects marketed as climate solutions have been linked to land grabs, human rights abuses, and the displacement of Indigenous Peoples and local communities. Governance failures compound these issues. Certification bodies such as Verra, responsible for ensuring the quality and integrity of credits, have faced repeated criticism for conflicts of interest. They profit from issuing credits that provide little or no real climate benefit, while failing to uphold rigorous standards or prevent human rights abuses.[36] These structural flaws have severely undermined trust in the system and call into question whether similar approaches can work in the field of biodiversity.

INHERENT FLAWS OF BIODIVERSITY CREDITING

Unlike carbon, nature and biodiversity cannot be reduced to a single measurable unit. Attempts to standardise it inevitably oversimplify ecosystems into tradable "credits," ignoring their complexity and relational values. Technical flaws such as manipulated baselines, unverifiable additionality, non-permanence, and leakage (see Box next page) — already problematic in carbon markets — are considered even more serious in biodiversity markets, largely because of the inherent difficulties in standardising biodiversity metrics and monitoring. Technical challenges in measuring biodiversity also make the system highly vulnerable to cherry-picking. Projects may showcase positive indicators while ignoring broader ecological decline.

This way of understanding nature arises from and perpetuates its conceptual separation from humans, leading to its valuation primarily in measurable, material, or economic terms. This human-nature divide is a foundational driver of the ecological crisis, underpinning the capitalist system centred on endless growth and resource exploitation.[37] Meanwhile, relational and cultural dimensions of nature, which are central to many Indigenous worldviews, are sidelined. Instead, biodiversity credits tend to commodify ecosystems, transforming them from public goods into private assets, and undermining biodiversity as a common good.

TERMINOLOGY: TECHNICAL FLAWS IN BIODIVERSITY CREDITING

Additionality means that environmental benefits would not have occurred without the project. Unverifiable additionality means it is impossible — or very difficult — to prove that the claimed benefits are truly additional. For example, paying to protect a forest or wetland that was going to be preserved anyway achieves no new conservation and is therefore not additional.

Non-permanence refers to the risk that the environmental benefit (such as stored carbon or conserved habitat) may be temporary or reversed in the future. For example, a forest preserved today could burn in a wildfire, be logged later, or degrade due to climate change. Similarly, restored habitat could later be destroyed by new development.

Leakage occurs when protecting or restoring one area simply shifts harmful activity elsewhere instead of stopping it. For example, if logging is banned in one forest but merely moves to another nearby forest, total deforestation does not decrease but is simply displaced.

Manipulated baselines occur when project developers exaggerate or distort the "without-project" scenario to make the project appear more beneficial than it really is.

THE NEGATIVE CONSEQUENCES OF BIODIVERSITY CREDIT MARKETS

Biodiversity crediting is unlikely to solve the biodiversity crisis. Instead, it carries a series of harmful consequences that risk making the situation worse rather than better.

Distraction from root causes

The focus on creating biodiversity markets distracts from tackling the underlying drivers of biodiversity loss: overconsumption, destructive subsidies, and weak regulation and enforcement. Biodiversity credits risk becoming a form of greenwashing that allows business to continue as usual while justifying cuts to public support for nature protection.

Risks of offsetting

Proponents of biodiversity credits often argue that they will not be used for offsetting damaging activities, but rather to showcase voluntary "nature-positive" actions. However, experience from carbon markets shows that such claims are misleading. Experience with carbon markets has shown that the idea of using credits as merely "contributions" rather than tools for offsetting has virtually no traction in the market,[38] with demand driven instead by companies seeking to offset impacts and bolster green reputations. There is no reason to think the situation will be any different with biodiversity credits. Because restoring ecosystems is far more complex and costly than preventing their destruction, the likely outcome is fewer ecosystems of poorer quality rather than more or healthier ones.

Undermining democratic governance

Biodiversity credits often entail shifting responsibility for conservation away from governments and public institutions toward private actors with profit motives. This market-driven approach tends to prioritise areas that are easiest, fastest, and most profitable to restore, rather than those most urgently in need from an ecological perspective.

Consequently, conservation becomes contingent on market performance, making long-term protections vulnerable whenever profitability declines. Investors may also prefer to put their money into projects that offer instant visibility in marketing and public relations rather than more complex and less fashionable activities. This is reflected in the rise of

tree planting (often plantation forestry) over almost all other worthwhile needs. Rather than strengthening nature protection, this model risks rendering it fragile and susceptible to financial speculation and trends in marketing. Scholars describe this trend as "neoliberal conservation," where nature protection is subordinated to market logic, often undermining both ecological integrity and social equity (Arsel / Büscher 2012, Fletcher 2023).

Impacts on the Global South

Expansion of biodiversity crediting poses serious risks globally. Most of the world's remaining biodiversity is in the Global South, and it seems inevitable that much nature crediting will occur there, especially since projects tend to be cheaper to implement.[39] This is already evident in early voluntary nature crediting projects, most of which are in South America, Africa, and Southeast Asia. It also seems likely that most future demand will come from the wealthier Global North, with various actors looking to greenwash their ongoing damaging and polluting business models. This could replicate neo-colonial and inequitable patterns; it allows wealthy actors in the Global North to continue degrading ecosystems while offsetting their impacts by purchasing cheaper credits from the Global South.

Just like carbon credits, biodiversity credits are likely to lead to land grabs, displace Indigenous Peoples and local communities, and undermine food security by converting land to offset projects.[40] Moreover, financial benefits (especially in secondary markets) often flow to intermediaries or corporations rather than communities. In this way, biodiversity markets may entrench existing power imbalances, shifting responsibility away from the structural reforms needed in the Global North — such as reducing harmful subsidies and overconsumption — onto vulnerable communities and ecosystems in the Global South.

Other social impacts

While the most acute social risks of nature credit schemes are likely to occur in the Global South, Europe and other parts of the Global North are not immune. Revenues from biodiversity and nature credits are highly uncertain and subject to market fluctuations, leaving landowners, farmers and other participants dependent on unstable and potentially

speculative forms of financing, particularly if such mechanisms are used to justify the withdrawal of direct public subsidies.

These markets may also encourage land speculation, driving up land prices and disproportionately disadvantaging small- and medium-scale farmers, tenant farmers, and new entrants.[41] Additionally, the reliance on digital certification systems, satellite monitoring, and complex accounting tools will likely exclude small-scale and diversified farms. These tools privilege actors with access to technology and capital, reinforcing the divide in agriculture.

In Europe, biodiversity crediting risks reinforcing existing rural and structural inequalities, in which large landowners, financial institutions, and corporate actors capture most of the benefits, while smallholders, tenants, and pastoralists in marginal or less productive regions are excluded and may bear the consequences.

Although the risk of outright land grabbing is lower than in the Global South, land acquisitions for biodiversity credit generation may nonetheless consolidate ownership in the hands of large investors or landholding elites, displacing smallholders, local communities, and Indigenous Peoples. For instance, the reclassification of pastoral or communal lands as "natural capital" could restrict access and grazing rights, undermining traditional pastoralist practices that actually sustain biodiversity.

CAN BIODIVERSITY MARKETS BE ONLY LOCAL?

Proponents of biodiversity crediting often assert that markets for such credits should remain local, aiming to address concerns about the non-comparability of biodiversity gains across disparate ecosystems or geographic regions. Some regulatory frameworks, such as those in England and New South Wales, operate at national or state levels, ostensibly constraining crediting activities within defined jurisdictions. Even so, these schemes still in principle allow for cross-ecosystem offsetting, raising questions about the true locality of such markets.

In practice, there appears to be no feasible mechanism to confine biodiversity credit markets to strictly local scales. Governments have not imposed explicit restrictions, and major standard-setting organisations and credit registries have not limited where or how credits may be traded. Meanwhile, international and European initiatives are actively promoting biodiversity credit markets that could operate across regions or globally. As a result, claims of locality remain largely normative rather than operational.

BIBLIOGRAPHY

Arsel, M. and Büscher, B. (2012). Changes and continuities in neoliberal conservation and market-based environmental policy. Development and Change, 43(1), 53–78. Available at: https://onlinelibrary.wiley.com/doi/full/10.1111/j.1467-7660.2012.01752.x (18 August 2025)

Fletcher, R. (2023). Failing forward: The rise and fall of neoliberal conservation. University of California Press. Available at: www.ucpress.edu/books/failing-forward/paper (16 August 2025)

WEF (2025). High-Level Principles to Guide the Biodiversity Credit Market. Available at: www.weforum.org/publications/high-level-principles-to-guide-the-biodiversity-credit-market (16 August 2025)

REFERENCES & NOTES

8 Carbon Brief (2023). Biodiversity and Carbon Offsets. Available at: https://interactive.carbonbrief.org/carbon-offsets-2023/biodiversity.html (23 August 2025).

9 Damiens, F.L.P., Porter, L. & Gordon, A. (2021). The politics of biodiversity offsetting across time and institutional scales. Nat Sustain 4, 170–179 (2021). Available at: https://doi.org/10.1038/s41893-020-00636-9 (23 August 2023).

10 For example, from 2004-2018, the Business and Biodiversity Offset Program run by Forest Trends and the Wildlife Conservation Society, both strong NGO advocates of market-based approaches to conservation, developed best-practice frameworks and guidance for biodiversity offsetting (though not yet specifically "crediting"), which have remained influential.

11 EC (2025). Exploring collaborative finance opportunities in connection with the EU Nature Restoration Regulation. Available at: https://green-forum.ec.europa.eu/news/exploring-collaborative-finance-opportunities-connection-eu-nature-restoration-regulation-2025-06-02_en (9 September 2025).

12 Chauhan, H. (2025). Australia launches world's first legislated voluntary biodiversity credits market. Available at: www.spglobal.com/commodity-insights/en/news-research/latest-news/energy-transition/030425-australia-launches-worlds-first-legislated-voluntary-biodiversity-credits-market (23 August 2025).

13 NSW Audit Office (2022). Effectiveness of the Biodiversity Offsets Scheme. Available at: www.audit.nsw.gov.au/our-work/reports/effectiveness-of-the-biodiversity-offsets-scheme (9 September 2025).

14 The scheme's website is almost a parody of nature commodification, showing the varying prices of, for example, koala and emu credits (respectively, currently A$550 and A$800 each). See New South Wales (2024). Latest prices for species credits. Available at: www.nsw.gov.au/species-credits-prices (23 August 2025).

15 Government of the UK (2023). Understanding biodiversity net gain. Available at: www.gov.uk/guidance/understanding-biodiversity-net-gain (17 August 2025). Moreover, according to one estimate, the UK scheme will generate around 41,000 credits by 2030, each costing "at least £42,000" (or €48,400). See Siddiqi, H. (2025). Study Finds UK's Biodiversity Net Gain Scheme Could Unlock £3bn Market by 2035. Available at: www.sustainabletimes.co.uk/post/study-finds-uk-s-biodiversity-net-gain-scheme-could-unlock-3bn-market-by-2035 (23 August 2025).

16 Keenan, R. (2025). Habitat banks: how law to boost wildlife in England is faring one year in. Available at: www.theguardian.com/environment/2025/feb/14/habitat-banks-law-england (23 August 2025).

17 Wentworth, J. (2024). Biodiversity net gain. Available at: https://researchbriefings.files.parliament.uk/documents/POST-PN-0728/POST-PN-0728.pdf (10 September 2025).

18 Mancini, M. et al (2024). Biodiversity offsets perform poorly for both people and nature, but better approaches are available. One Earth, 7(12). Available at: www.sciencedirect.com/science/article/pii/S2590332224004901 (22 August 2025).

19 OEP Annual Progress Report (2024). Government remains largely off track to meet its environmental ambitions. Available at: www.theoep.org.uk/report/government-remains-largely-track-meet-its-environmental-ambitions-finds-oep-annual-progress (22 August 2025).

20 Friends of the Earth International (2024). The biodiversity Market Mirage. Available at: www.foei.org/publication/biodiversity-offsetting-crediting-report (26 August 2025).

21 EC (2025). Climate Biodiversity Nexus. Final Report, ICF/Perspectives. Available at: https://op.europa.eu/en/publication-detail/-/publication/255e96d0-5625-11f0-a9d0-01aa75ed71a1/language-en (14 July 2025).

22 Secondary markets are markets where investors trade existing assets with each other, instead of buying them directly from the original issuer. Such secondary markets pose a number of risks, such as encouraging speculation, creating price volatility, and shifting profits away from the original issuers. They also tend to reduce transparency and lead to trading that is disconnected from the real value or purpose of the underlying asset.

23 Gradeckas, S. (2025). Deep Dive: Suppliers. Available at: https://newsletter.bloomlabs.earth/p/deep-dive-suppliers (17 August 2025).

24 These include Plan Vivo, Cercarbono, Verra, Savimbo, the Biocarbon Biodiversity Standard, the International Carbon Registry and the Global Biodiversity Standard (IETA 2024).

25 This was the 15th meeting (COP15) of the 196 (state) parties to the UN Convention on Biological Diversity.

26 CBD 2022. Kunming-Montreal Global Biodiversity Framework, 2030 Targets (with Guidance Notes). Available at: www.cbd.int/gbf/targets (17 August 2025).

27 NatureFinance is a relatively new Geneva-based organisation set up by mostly finance and philanthropic interests whose mission is to "align global finance with equitable, nature-positive outcomes." NatureFinance. Available at: www.naturefinance.net/who-we-are (17 August 2025).

28 BCA undated. A new market in nature credits needs the best start possible. Available at: www.biodiversitycreditalliance.org (22 August 2025).

29 The "Frontrunners Coalition" is a set of early adopters (corporates, governments, NGOs) testing pilots and methods for biodiversity credits.

30 Gradeckas, S. (2025). Voluntary Biodiversity Market Database: Version 2. Available at: https://newsletter.bloomlabs.earth/p/voluntary-biodiversity-market-database (17 August 2025).

31 By comparison, the average monthly sale value of carbon credits in the voluntary markets was around $45 million. See Vitelli, A. (2025). Voluntary Carbon Market Falls Amid Criticism, UN Regulatory Push. Available at: www.czapp.com/analyst-insights/voluntary-carbon-market-falls-amid-criticism-un-regulatory-push (9 September 2025).

32 Gradeckas, S. (2025). Deep Dive: Biodiversity Credit Sales. Available at: https://newsletter.bloomlabs.earth/p/deep-dive-biodiversity-credit-sales (17 August 2025); this involves the sale of biodiversity credits by the Polynesian island nation of Niue – See Carreon, B. (2025). Want to sponsor a piece of ocean paradise? How one Pacific island's novel response to rising seas is paying off. Available at: www.theguardian.com/environment/2025/jan/08/want-to-sponsor-a-piece-of-ocean-paradise-how-one-pacific-islands-novel-response-to-rising-seas-is-paying-off (26 September 2025).

33 IAPB (2024). Framework. Available at: www.iapbiocredits.org/framework (16 August 2025).

34 Probst, B. S. et al. (2024). Systematic Assessment of the Achieved Emission Reductions of Carbon Crediting Projects. Available at: www.nature.com/articles/s41467-024-53645-z (15 September 2025).

35 Procton, A. (2025). State of the Voluntary Carbon Market 2025. Ecosystem Marketplace. Available at: www.forest-trends.org/publications/2025-state-of-the-voluntary-carbon-market (26 September 2025).

36 Greenfield, P. (2023). Revealed: More Than 90% of Rainforest Carbon Offsets by Biggest Certifier Are Worthless. Available at: www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe (15 September 2025).

37 Hickel, J. (2020). Less Is More: How Degrowth Will Save the World. London, Penguin Random House.

38 New Climate Institute and Carbon Market Watch (2023). Corporate Climate Responsibility Monitor 2023: Assessing the transparency and integrity of companies' emission reduction and net zero targets. Available at: https://newclimate.org/sites/default/files/2023-04/NewClimate_CorporateClimateResponsibilityMonitor2023_Feb23.pdf (22 August 2025).

39 Global Forest Coalition (2024). Biodiversity Offsetting: A Corporate Social License to Perpetuate Biodiversity Destruction and Gender Inequality. Available at: https://globalforestcoalition.org/wp-content/uploads/2024/10/EN_Biodiversity-Offsetting-Briefer.pdf (21 August 2025).

40 Biodmarketwatch (2024). Civil society statement on biodiversity offsets and credits. Available at: www.biodmarketwatch.info/civil-society-statement (19 August 2025).

41 Examples from Scotland, Australia and New Zealand give some worrying early warnings:
Carrell, S. (2023). Land ownership in Scotland increasingly dominated by corporations and forestry companies. Available at: www.theguardian.com/uk-news/2024/mar/23/land-ownership-in-rural-scotland-more-concentrated-despite-reforms-study-finds (20 August 2025).
ABC News (2024). Woodside buys up farms with plans for carbon offsets. Available at: www.abc.net.au/news/2024-07-17/woodside-buy-up-farms-with-plans-for-carbon-offsets/104108806 (20 August 2025).
Agriland (2024). 40,000ha of NZ sheep and beef farms sold for forestry – report. Available at: www.agriland.ie/farming-news/40000ha-of-nz-sheep-and-beef-farms-sold-for-forestry-report (20 August 2025).

THE DEVELOPMENT OF NATURE CREDITING IN EU POLICY

2

FOUNDATIONAL FRAMEWORKS FOR NATURE CREDITING IN EU POLICY

The explicit Commission support for biodiversity credits that has appeared over the past two years is rooted in more than a decade of policy developments seeking to attach monetary value to "natural assets" and to invoke market (or at least compensatory) mechanisms in the process of protecting nature and biodiversity. This can be illustrated by the Commission's 2010 Biodiversity Strategy for 2020, which set a target on maintaining and restoring ecosystems. It introduced the idea of "net loss," meaning that damage to nature in one place can be balanced by creating or restoring nature elsewhere. In pursuit of this concept, the Commission established a No Net Loss initiative, the prime focus of which was the development of biodiversity offsetting schemes. It was met with opposition from civil society for commodifying nature and dismissed as a "licence to trash." [42]

To enable turning nature into a concrete asset, the 2011 Regulation 691/2011 concerning European environmental economic accounts laid the groundwork for the so-called "natural capital accounting."[43] The 2013 re-launch of the Commission's EU Business & Biodiversity Platform then marked a new milestone in the relationships between European regulators and the private sector on biodiversity-related issues. It was aimed at bringing businesses into the implementation of the 2010 Biodiversity Strategy, and subsequently its 2020 successor.[44] Shockingly, its 400 members include many of Europe's most ecologically damaging or polluting businesses, such as mining companies Anglo American and Antofagasta, and pharma, chemical, oil, and retail companies including Bayer, DOW, Engie, IKEA, Lafarge, and Repsol, as well as many European trade associations.[45] It has subsequently become a key platform for exploring or announcing European policy initiatives related to nature crediting.

Central to this policy agenda is the concept of a funding gap that the private sector is expected to fill. One of the key influences in this respect was the 2020 Financing Nature report by The Nature Conservancy and the Paulson Institute,[46] which identified a supposed US$700 billion annual biodiversity funding gap in order to promote market-based instruments — such as biodiversity credits — as key mechanisms to close it. The Paulson Institute was founded by former U.S. Treasury Secretary under George W.

Bush, Hank Paulson, who was also the former CEO of Goldman Sachs. This reveals the extent to which such conservation corporations have become deeply embedded in the neoliberal political economy, promoting capital-oriented values and profit-driven approaches. In this sense, they align closely with those of institutions such as the World Economic Forum. The impact of these two organisations in lobbying for nature crediting in the EU is considerable and cannot be overstated.[47]

ROLL-OUT OF EU FINANCIAL SUPPORT

The Commission has been a key source of funding for some of the early efforts to launch nature crediting. The Natural Capital Financing Facility (NCFF), operating from 2014–2021, was a joint initiative of the EIB and the Commission. Financed through the Commission's LIFE programme with a budget of €5 million, the NCFF provided funding to projects testing innovative financing models for nature protection or enhancement of natural capital, while generating revenue or cost savings. It offered loans and equity investments, coupled with technical assistance, to derisk private investment.

DERISKING

An increasingly central feature of EU policymaking, derisking aims to mobilise private finance for projects that would typically fall within the realm of public policy and are not inherently profitable. This is achieved by reducing investment risks for private actors through instruments such as guarantees, where public funds are used to cover potential losses or risks that private investors might face.[48] While derisking can attract private capital to underfunded initiatives, it also shifts risk from private investors to public actors and tends to prioritise profit-driven motives over ecological or social outcomes.

Beyond this, the financing mechanisms referred to in two foundational initiatives — the EU Biodiversity Strategy and the Nature Restoration Regulation — have become key ways through which the Commission is promoting the development of nature credit markets.

The 2020 EU Biodiversity Strategy for 2030 followed that of 2010 in promoting private financing and markets for nature conservation. However, it also laid structural foundations for future nature credits. It set ambitious targets: protecting 30 percent of the EU's land and sea, restoring 25,000 km of rivers, planting 3 billion trees, and unlocking €20 billion per year for nature.[49] While it did not explicitly mention nature or biodiversity credits, the Strategy called for an enabling framework for private and public funding to support biodiversity, promoted EU-wide natural capital accounting, and encouraged the exploration of new market-based instruments. Together, these created the basic toolkit for nature commodification and crediting without stating it outright.

Central to the 2020 Strategy was the introduction of the concept of "no net loss" or "net gain" of biodiversity and ecosystem services in European development projects and planning. This has been a key conceptual underpinning of nature crediting, as it implies that new losses of nature could be measured alongside restoration projects in a single metric of "nature." Nature credits could thus be linked to restoration projects and used de facto as offsets.

In addition, the Strategy noted that under InvestEU, a dedicated "natural capital" initiative would be established to mobilise at least €10 billion by 2030, "based on public/private blended finance".[50] InvestEU is a derisking tool that finances projects by combining guarantees from the EU budget with loans from European public banks, predominantly the EIB. It funds projects in sectors such as transport, digitalisation, energy, and research, aiming to mobilise additional private and public investment through the offer of EU-backed guarantees.

However, the InvestEU programme has faced serious criticism regarding its effectiveness and its ability to mobilise the additional investments it promises. Civil society organisations have also pointed out that InvestEU neglects socially and environmentally necessary investments and tends instead to favour corporate projects.[51] In this context, it is concerning that the EU is now using its flagship private investment tool to finance nature conservation.

The Nature Restoration Regulation, which entered into force on 18 August 2024, could potentially drive the expansion of nature credits.

The law introduces binding ecosystem restoration targets — restoring 20 percent of degraded land and sea by 2030, and 90 percent by 2050 — and although it does not explicitly mention nature credits, it emphasises the mobilisation of EU and private finance to achieve these goals. This raises the possibility that nature credits could play a role in fulfilling the regulation's targets in the future.[52]

The regulation also requires that within twelve months of entering into force, the Commission must "assess any gap between restoration financial needs and available EU funding and look into solutions to bridge a gap if it finds one."[53] It seems highly likely that any such assessment will conclude that private sector finance is required, once again leading to pressure to expand nature crediting.

THE EU'S CLIMATE BIODIVERSITY NEXUS STUDY

A key report that has informed EU policy is the Climate Biodiversity Nexus (CBN) study funded by DG Environment, which emerged from a project launched in January 2024. Its purpose was partly to consider how voluntary carbon markets could contribute to biodiversity conservation, but also to investigate the potential development of standalone biodiversity credits, the "demand side" of these markets, and the types of policies and measures that could shape and enhance their size and quality.[54]

The report presented a nuanced view of the state and challenges of nature credits and did not shy away from detailing many concerns.[55, 56] It highlights persistent uncertainties and structural flaws in biodiversity credit markets, warning that there is still little clarity on how credits should be designed or implemented to deliver genuine benefits for biodiversity. It acknowledged that despite growing interest, the mechanism faces mounting criticism, including a widely supported 2024 joint letter of opposition from civil society groups and academics.[57] Concerns raised range from governance and integrity gaps to a lack of clear evidence that projects consistently generate outcomes beyond what would have happened anyway.

The report further details specific weaknesses undermining the credibility of biodiversity crediting. These include insufficient recognition of

the role of Indigenous Peoples and local communities, unresolved problems of permanence, reversals, and leakage, and the lack of reliable, cost-effective measurement tools for biodiversity outcomes. Risks of double counting (claiming or selling the same environmental benefit more than once), credit stacking (multiple types of credits generated by a single environmental action or project), and the difficulty of adequately pricing biodiversity — much of which remains undervalued or invisible in current economic models — compound these problems. Overall, the report concludes that these flaws cast doubt on whether biodiversity credit markets can deliver meaningful or durable ecological gains.

The report estimates the potential size of biodiversity credit markets at $1.1–7.6 billion by 2030 and $6.5–196.2 billion by 2050.[58] At the same time, it notes that it remains unclear and uncertain to what extent and how rapidly these markets could grow. Moreover, the study's 2024 survey of nature market participants indicated that most buyers are reluctant to engage in the market: nearly 60 percent identified greenwashing risks and market complexity as "significant barriers to purchasing biodiversity credits."[59]

On top of these major issues, the report highlights several additional obstacles to credible biodiversity crediting. It notes that developing such markets is likely to be costly, while the absence of harmonised biodiversity measurement units leaves reliable data scarce and price comparisons difficult. Without strong incentives and robust regulation, the study warns, biodiversity crediting risks becoming little more than an offsetting mechanism, allowing business-as-usual practices to continue rather than driving meaningful protection or restoration of nature.

Perhaps not untypically for reports of this kind, the overall conclusions were not entirely consistent with the findings. The report did not consider whether nature credits should be used at all, or whether other measures, such as stricter regulation, would be more effective. It is clear that the starting point was that nature credits would have a major role; the lead author reportedly said, "the biodiversity credit market already exists, so we have no choice but to support it."[60]

Nevertheless, the report sends clear warnings to European decision-makers about the weaknesses, challenges, risks, and limitations

of nature credit markets. Yet, the evidence suggests that the Commission is set on ignoring them.

THE CARBON REMOVALS CERTIFICATION FRAMEWORK

The Commission sees nature credits as part of an innovative finance toolbox for financing biodiversity.[61] Included in this toolbox is the Carbon Removals Certification Framework (CRCF). Adopted by the EU Council in 2024 as a legally binding regulation, the CRCF aims to establish EU-wide rules for certifying carbon dioxide removals or emission reductions, covering activities from "carbon farming" to technological carbon storage. Although more advanced in development, it shares similarities with emerging nature credit proposals, particularly in shifting funding for farmers and other landowners toward the private sector through the sale of carbon removal or storage credits. The connection between the CRCF and nature credits is further strengthened by the CRCF's attempt to attach voluntary nature-related co-benefits to carbon credits, intended to increase their price.

The CRCF has faced significant criticism from academics and civil society organisations, who argue that it prioritises market creation over genuine climate impact. A central concern is that the CRCF enables greenwashing by allowing carbon removals to substitute for emission reductions.[62] Governance is also problematic: the CRCF delegates key methodological decisions to a closed expert group with strong corporate influence, sidelining independent and civil society input and raising conflict-of-interest concerns.[63, 64]

From a technical standpoint, the draft methodologies introduced by the CRCF lack scientific rigour and fail to meet internationally accepted integrity standards. Research by Öko-Institut finds that even later revised versions fall well short of international benchmarks, potentially performing worse than discredited mechanisms such as the Clean Development Mechanism.[65] Critical issues include poorly defined additionality, which allows credits for pre-existing actions and undermines the principle that credits should incentivise new activity,[66] insufficient measures for permanence and liability,[67] and unresolved risks of leakage and double counting.[68] Moreover, the Commission has

struggled to develop practical biodiversity indicators even for minimum requirements, making the creation of credible methodologies for voluntary co-benefits even more uncertain.[69, 70]

In short, the CRCF in its current form is structurally biased toward market creation and technically weak. Without fundamental reform in both governance and design, the framework risks repeating past carbon market failures — enabling greenwashing, weakening mitigation commitments, and failing to deliver credible, long-term climate benefits. It is therefore alarming that the Commission uses the CRCF as a model for developing nature crediting. Lessons can be learned from the CRCF — particularly regarding how not to design such a scheme.

A JUSTIFICATION FOR INACTION AND PUBLIC CUTS IN NATURE SPENDING?

The Commission's interest in biodiversity crediting has emerged within a wider political and economic context marked by a gradual shift of responsibility for financing nature protection — including support for farmers and other landowners — from public to private actors. This trend aligns with the Commission's austerity agenda, characterised by ongoing cuts to public funding for socially and environmentally essential — but often deemed non-profitable — investments. At the same time, EU policy-making increasingly prioritises the global "competitiveness" of European industries over social wellbeing and environmental protection.

Just weeks after publishing its Roadmap towards Nature Credits, the EU unveiled its proposal for the 2028–2034 Multiannual Financial Framework (MFF).[71] In this draft, nature protection is markedly downgraded as a budgetary priority. The LIFE Programme — the EU's only dedicated fund for environment, climate, and biodiversity — is absorbed into a broader "European Competitiveness Fund" without any earmarking for biodiversity.[72] While the Commission frames this merger as an effort to streamline funding, environmental groups warn that

it risks diluting LIFE's mandate, leaving biodiversity as one of many "green" objectives competing for the same resources. Similarly, the proposal would eliminate the "second pillar" of the Common Agricultural Policy — the public subsidies given to European farming — that currently funds environmental measures and rural development programmes. Under the new structure, agri-environmental and climate measures would become optional objectives, with no dedicated funding or minimum spending requirements for Member States.

In this policy environment — where public budgets for environmental and rural programmes are being reduced or restructured and EU funding is increasingly designed to leverage private investment — biodiversity crediting assumes a dual role. On one hand, it is presented as a technical innovation: a way to mobilise new financial flows toward conservation and reward landowners for delivering "ecosystem services." On the other hand, it serves a political function: it helps maintain the appearance of progress on biodiversity protection while legitimising the withdrawal of public funding.

By promoting nature credits, the Commission can claim to address the biodiversity crisis without challenging the structural drivers of ecological degradation — such as intensive agriculture, industrial expansion, and extractive land use — that underpin Europe's current economic model. In this sense, biodiversity crediting functions not only as an environmental policy tool, but also as part of a broader neoliberal transformation of EU governance: replacing public responsibility with private opportunity and treating ecological restoration less as a collective obligation and more as a speculative investment field. What is presented as an "innovative financing solution" may, in practice, deepen the commodification of nature and justify continued cuts in direct public support for nature protection while diverting political attention from the urgent need to reduce biodiversity destruction at its source.

REFERENCES & NOTES

42 Counter Balance (2014). Thousands urge European Commission to ditch biodiversity offsetting. Available at: https://counter-balance.org/news/thousands-urge-european-commission-to-ditch-biodiversity-offsetting (14 July 2025).

43 EU (2011) Regulation (EU) No 691/2011 of the European Parliament and of the Council of 6 July 2011 on European environmental economic accounts, Official Journal of the European Union. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011R0691&from=EN (14 July 2025).
Natural capital accounting measures ecosystems' stocks and services in monetary or biophysical terms, and seeks to integrate nature's value into national accounts, business decisions, and sustainability policies.

44 EC. What is EU Business & Biodiversity Platform? Available at: https://green-forum.ec.europa.eu/green-business/business-and-biodiversity/about_en (9 September 2025).

45 EC. Our members. Business & Biodiversity membership. Available at: https://green-forum.ec.europa.eu/green-business/business-and-biodiversity/about/our-members_en (14 July 2025).

46 The Nature Conservancy and the Paulson Institute (2020). Financing Nature: Closing the Global Biodiversity Financing Gap. Available at: www.paulsoninstitute.org/wp-content/uploads/2020/09/FINANCING-NATURE_Full-Report_Final-Version_091520.pdf (1 August 2025).

47 In February 2025, the Nature Conservancy intensified its campaign to create biodiversity crediting systems in the EU with the publication of its report Building Towards Nature Markets for the European Union: A Case for an EU-wide Certification Framework. In this, it called on the European Commission to introduce an EU-wide framework as a "foundation stone" to enable the development of nature markets in Europe. Krolopp, A. et al. (2025). Building Towards Nature Markets for the EU; The case for an EU wide enabling framework for Nature Credit certification. Available at: www.nature.org/en-us/what-we-do/our-insights/perspectives/nature-markets-metabolic (22 August 2025).

48 Gabor, D. (2021), The Wall Street Consensus. Development and Change. Available at: https://doi.org/10.1111/dech.12645 (12 August 2025).

49 EC (2020). EU Biodiversity Strategy for 2030. Available at: https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en (15 August 2025).

50 EC (2020). EU Biodiversity Strategy for 2030, p.17. Available at: https://environment.ec.europa.eu/strategy/biodiversity-strategy-2030_en (15 August 2025).

51 CEE Bankwatch Network, Counter Balance (2024). Beyond Profit: How to Reshape the European Green Deal for People's Well-Being. Brussels. Available at: https://bankwatch.org/wp-content/uploads/2024/03/2024_03_12_Beyond-profit_How-to-reshape-the-European-Green-Deal-for-peoples-well-being.pdf (21 August 2025).

52 EC (2024). Regulation (EU) 2024/1991 of the European Parliament and of the Council of 24 June 2024 on nature restoration and amending Regulation (EU) 2022/869. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX-:32024R1991&qid=1722240349976 (13 August 2025).

53 EC (2023). EU Nature restoration law: MEPs strike deal to restore 20% of EU's land and sea. Available at: www.europarl.europa.eu/news/en/press-room/20231031IPR08714/eu-nature-restoration-law-meps-strike-deal-to-restore-20-of-eu-s-land-and-sea (18 August 2025).

54 EC (2024). New Survey: Understanding the state of biodiversity credits and their link with the carbon market. News article 8 May 2024. Available at: https://green-forum.ec.europa.eu/news/new-survey-understanding-state-biodiversity-credits-and-their-link-carbon-market-2024-05-08_en (13 July 2025).

55 This briefing does not examine the report's detailed analysis of using carbon credits to achieve biodiversity objectives, though the findings are generally discouraging. It is sufficient to note that the report concluded: "Currently the integrity requirements for biodiversity-linked carbon credits set out by most credit programmes are neither comprehensive nor detailed enough to ensure they deliver biodiversity positive outcomes and avoid negative impacts."

56 EC (2025). Climate Biodiversity Nexus. Final Report, ICF/Perspectives. Available at: https://op.europa.eu/en/publication-detail/-/publication/255e96d0-5625-11f0-a9d0-01aa75ed71a1/language-en (14 July 2025).

57 Biodmarketwatch (2024). Civil society statement on biodiversity offsets and credits. Available at: www.biodmarketwatch.info/civil-society-statement (19 August 2025).

58 EC (2025). Climate Biodiversity Nexus. Final Report, ICF/Perspectives. Available at: https://op.europa.eu/en/publication-detail/-/publication/255e96d0-5625-11f0-a9d0-01aa75ed71a1/language-en (14 July 2025).

59 EC (2025). Climate Biodiversity Nexus. Final Report, ICF/Perspectives.

60 Colombo, S. (2024). EU consultation on biodiversity credits struggles to draw attention. Available at: https://carbon-pulse.com/288125 (14 July 2025).

61 EC (2024). EU delivers on its global financing commitments to protect nature at COP 16. Available at: https://international-partnerships.ec.europa.eu/news-and-events/news/eu-delivers-its-global-financing-commitments-protect-nature-cop-16-2024-10-31_en (14 July 2025).

62 Diab, K. (2024). CRCF: The EU's carbon removal certification failure. Carbon Market Watch. Available at: https://carbonmarketwatch.org/2024/02/20/crcf-the-eus-carbon-removal-certification-failure (10 September 2025).

63 Carbon Market Watch (2024). Joint NGO letter on the functioning of the Expert Group on Carbon Removals and its meetings. Available at: https://carbonmarketwatch.org/publications/joint-ngo-letter-on-the-functioning-of-the-expert-group-on-carbon-removals-and-its-meetings (15 August 2025).

64 Scherger S., and Sharma, S. (2023). Twelve problems with the European Commission's proposal for a Carbon Removal Certification Framework. Available at: www.iatp.org/twelve-problems-ec-crcf (22 August 2025).

65 Schneider, L. et al (2025). Revised methodologies under the EU Carbon Certification Removal Framework continue to lack integrity. Oeko-Institute. Available at: www.oeko.de/blog/revised-methodologies-under-the-eu-carbon-certification-removal-framework-continue-to-lack-integrity (10 September 2025).

66 Hernández, M. R. (2025). Biodiversity and the Carbon Removals and Carbon Farming Framework. Available at: https://carbonmarketwatch.org/wp-content/uploads/2025/03/Biodiversity-and-the-Carbon-Removals-Carbon-Farming-Framework.pdf (15 August 2025).

67 Diab, K. (2024). CRCF: The EU's carbon removal certification failure.

68 Gunther, P. et al (2024). Carbon farming, overestimated negative emissions and the limits to emissions trading in land-use governance: the EU carbon removal certification proposal. Environmental Sciences Europe. Available at: https://enveurope.springeropen.com/articles/10.1186/s12302-024-00892-y (10 September 2025).

69 Oeko-Institut (2025). Second assessment of the draft technical specifications for certification under the EU Carbon Removals Certification Framework (CRCF): Soil carbon in mineral soils and agro-forestry. Available at: www.oeko.de/fileadmin/oekodoc/Second-Assessment-soil-carbon_CRCF.pdf (26 September 2025).

70 Hernández, M. R. (2025). Biodiversity and the Carbon Removals and Carbon Farming Framework.

71 EC (2025). EU budget 2028–2034. Available at: https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en (16 August 2025).

72 POLITICO (2025). EU budget plan would deal 'devastating blow' to nature. Available at: www.politico.eu/article/eu-commission-budget-plan-competitiveness-fund-devastating-blow-nature-biodiversity-circular-economy-pollution (25 September 2025).

THE EUROPEAN COMMISSION'S CURRENT PLANS FOR NATURE CREDITS

3

THE EU'S ROADMAP TOWARDS NATURE CREDITS

In July 2025, following the several years of increasing support for market-based approaches to nature conservation reported above, the Commission published the Roadmap towards Nature Credits.[73] This document sets out the Commission's rationale, objectives, and concrete steps for supporting nature crediting, outlining several measures for developing nature credit markets between 2025 and 2027. As further explained in the next section, it plans to establish an expert group on nature credits to mobilise expertise, share best practices, and provide input. The same period foresees launching EU-funded pilot projects on nature credits, as well as an EU-wide evaluation of credit supply and demand.

The tables below summarise the Commission's plans and associated concerns. Taking all these issues together, it is clear that the Roadmap is fundamentally flawed and needs major reconsideration.

TIMELINE OF THE COMMISSION'S ROADMAP TOWARDS NATURE CREDITS (2025–2027)

YEAR	PLANNED COMMISSION ACTION	KEY CONCERNS AND CRITIQUES
2025	Publication of the Roadmap towards Nature Credits, outlining objectives, rationale, and implementation plan for EU nature crediting.	Nature credits are treated as an inevitability without assessing effectiveness of market-based approaches.
	Establishment of an Expert Group on Nature Credits to mobilise expertise, share best practices and provide inputs.	Risks becoming a rubber-stamp mechanism, endorsing pre-determined Commission proposals rather than critically assessing them.
	Launch of EU-funded pilot projects to test methodologies.	Pilot projects lack clear objectives, transparent selection criteria, and proper oversight.
2026	Adoption of the first carbon farming methodologies under the CRCF, with mandatory biodiversity co-benefits.	Current methodologies proposed under the CRCF are deeply flawed, lacking scientific rigour and failing to even meet international standards. Incorporating biodiversity as an add-on to carbon accounting risks further oversimplifying ecological complexity and undermining genuine conservation outcomes.
	Conducting an EU-wide assessment of nature credits supply and demand (2025-2026), with the expert group providing inputs on how to foster nature credit markets.	Unclear what would happen if interest in nature credits market would be found to be low, as evidence suggests.
2027	Review of progress and possible scaling-up of nature credit markets, based on input from the expert group.	Scaling up is presumed before addressing fundamental flaws, which risks reproducing past failures and wasting public funds and time on unviable solutions.
	Exploration of a regulatory framework to promote nature credits.	The proposed framework is already framed as promoting rather than regulating credit markets, disregarding lessons to be learned and leaving loopholes for greenwashing.

WHAT THE ROADMAP PROMISES VS. WHAT IT DELIVERS

ROADMAP CLAIM	UNDERLYING RISK
"High-integrity" nature crediting with safeguards against greenwashing.	The Roadmap uses the word "integrity" 14 times as an attempt to underline credibility and distance itself from controversial carbon markets. However, it currently offers no concrete measures to prevent greenwashing or mitigate potential risks to people and ecosystems.
There is a business case for biodiversity credits beyond offsetting.	Despite the Commission's assurances that nature credits will not be used for offsetting, the Roadmap contains no concrete safeguards to prevent this. In fact, it explicitly references the mitigation hierarchy — placing credits after avoidance and minimisation — which is precisely the standard model for offsets.
Any potential new instruments are to be grounded in science.	The plan ignores already existing scientific evidence that exposes the underlying problems with nature credit markets, including unreliable biodiversity metrics and unresolved questions of additionality, permanence, leakage, and double counting.
Nature credit markets could be piloted locally first, before scaling them up.	One pilot project is already located in the Peruvian Amazon, far from what would be considered "local."
Public-private collaboration can mobilise finance for nature.	This strategy risks diverting public finance to feed potential private sector profits rather than addressing biodiversity loss at its roots.

DO NATURE CREDITS COMMODIFY NATURE?

The Commission claims that nature crediting does not intend to "commodify nature."[74] In economic terms, a commodity is often defined by fungibility — units of the good are interchangeable and indistinguishable regardless of origin — which is precisely what is sought with nature credits. Eurostat, the statistical office of the European Union, defines a "commodity" as: "A commodity, also called primary product or primary good, is a good sold for production or consumption just as it was found in nature."[75] In nature crediting, it is the quality of "nature" itself being sold, clearly matching the EU's definition of a commodity.

THE EXPERT GROUP ON NATURE CREDITS

Alongside the Roadmap, the Commission announced plans to establish an Expert Group on Nature Crediting. This group is expected to advise on criteria and methodologies for nature credits. By 2027, it will also provide input on designing governance frameworks (particularly for smallholders and small and medium-sized enterprises), explore synergies with other EU policies, and contribute to drafting delegated and implementing acts.

The group mirrors the format of the existing expert group under the CRCF. However, experience with that group has been far from satisfactory. Its meetings have been dominated by corporate interests, have failed to engage with fundamental technical and governance challenges, and have largely sidelined civil society contributions.[76] There are serious grounds for concern that the expert group on nature credits will face similar issues. The group is already established. It is not known what positions will be taken by the 27 Member State participants, but of the 112 non-state members, only a small handful seem to have critical views. The remainder are mostly either pro-crediting civil society organisations (such as The Nature Conservancy and Conservation International) or companies with a commercial interested in nature credit markets.[77]

Moreover, the establishment of such a group appears premature. It risks replicating the CRCF's flaws by forcing consensus without adequate technical studies. Because the Roadmap assumes support for nature credit markets from the outset, the expert group's membership and mandate are likely to reflect this bias — marginalising critical perspectives, including those of civil society organisations. This is particularly troubling given evidence from studies such as the Climate Biodiversity Nexus report, which highlight significant stakeholder doubts about the very concept of nature crediting.

In effect, the expert group risks becoming a rubber-stamp mechanism, endorsing pre-determined Commission proposals rather than critically assessing them. This would turn what should be an evidence-based advisory process into a public relations exercise — one that legitimises what could become a major source of greenwashing in Europe.

THE EUROPEAN COMMISSION'S PILOT PROJECTS

INTRODUCTION

To test the feasibility of nature credits and explore their practical implementation, the Commission has launched a series of pilot projects. As of August 2025, there appear to be three such pilots:

- Wetland restoration in France
- Sustainable forest management in Estonia
- An exploratory international partnership in Peru

The selection process for these projects, however, is opaque. What they share in common beyond their pilot status is the advisory involvement of the Commission's Green Assist programme. This suggests that the primary selection mechanism is simply that private or public bodies applied to Green Assist for advisory support.

Beyond this, there is no clear overarching framework for the pilots. No documentation sets out which specific questions or policy challenges they are meant to address, how progress will be evaluated, or how results will inform future EU policy. Questions sent to Green Assist

regarding the selection process and learning mechanisms had not received a response by the time of this study's publication.

Green Assist was established in 2022 with €30 million in funding from the LIFE programme.[78] It describes itself as an advisory initiative managed by the European Climate, Infrastructure and Environment Executive Agency (CINEA), coordinated by DG Environment, and delivered under InvestEU.[79] The programme provides free advisory services to help private and public beneficiaries prepare "green" or "greener" investment projects, typically with a minimum investment volume of €2.5 million.[80] Implementation of Green Assist is outsourced to the Rotterdam-based consultancy Ecorys.

Projects seeking support apply through the InvestEU Advisory Hub, where they are added to a pipeline of "Advisory Assignments."[81] Contractors from the Green Assist Roster of Experts are then assigned to each project, and the scope of work is agreed upon. However, this roster is not publicly available,[82] meaning it is impossible to know which experts advised which projects — or what advice was given.

Contracts for these advisors can last up to 100 days, implying significant costs, yet there is no public disclosure of these expenditures. In practice, public funds are being used to develop private investment projects without transparency or public oversight.

ESTONIA: VOLUNTARY NATURE CREDITS IN PRIVATE FORESTS

This project is being run by Forestry Europe, an organisation founded only in late 2022 that describes itself as "an ecosystem dedicated to sustainable forest management."[83] Its partners include Forestry France and Everwood, a sustainable forest asset management and advisory company. Green Assist says the project is testing whether voluntary "nature-positive" forestry practices — like continuous cover, deadwood retention, habitat conservation, and old-growth protection — can generate extra income through certification schemes or emerging biodiversity finance.[84]

While the project seems not even to be fully operational, Green Assist reported in July 2025 that the project had already faced governance challenges in Estonia due to tensions between private forest owners

and environmental NGOs.[85] The problems relate to concerns brought up by NGOs FERN and Canopée. The forest which was to be included in the pilot project is on Estonia's Hiiumaa Island. It is owned by a French insurance company MAIF, and managed by the asset management company France Valley. In June 2025, FERN and Canopée's investigations showed that the forest had, in fact, suffered recent serious logging damage. Field investigations in May 2025 found that logging had "destroyed 38 football fields of forests, including old-growth and woodland key habitats."[86] The groups also reported that satellite data and expert field analysis suggest that since taking ownership, the owners approved "at least 27 hectares of clear-cuts, often in ecologically sensitive forests, despite public claims that they do not engage in such activities." According to FERN's European Forest campaigner, Siim Kuresoo, "it is absurd that discussions around nature finance are relying on a pilot that increases environmental destruction."

As with the other pilot projects, further information is scarce. It is not known whether the Hiiumaa Island logging operation will still be included in the project, or whether other sites will be selected — and if so, where and what they will involve. It is not clear what lessons are intended to be learned from this project, nor how they will be published and discussed.

FRANCE: BIODIVERSITY CERTIFICATES IN THE SEINE-NORMANDY WETLANDS

There is very limited information available about this project, either from the Commission or other sources. According to Green Assist, the initiative is testing the certification of biodiversity-friendly practices — such as wetland restoration, low-intensity grazing, and the conservation of semi-natural habitats — across sites in the Seine-Normandy basin. Rather than creating tradable assets, it reportedly seeks to test certification as a signal of environmental performance that could underpin future incentive schemes.[87]

However, the claim of not creating a tradable asset appears inconsistent with statements from the French Ministry of Ecological Transition, which on the same webpage describes Green Assist's involvement as the design and support of "a market-based mechanism" to remunerate

farmers through private funding for wetland conservation and restoration.

Similarly, in its list of biodiversity crediting pilots, the International Advisory Panel on Biodiversity Credits (IAPB) notes that the credits generated through this project will be available for "voluntary contribution purposes" to buyers, and that the project aims to be "replicable across Europe."[88]

As outlined earlier, this language tends to confirm that nature crediting is being developed primarily to create new market-based payment mechanisms for landowners — mechanisms that may partly or wholly replace existing public funding streams such as those provided under the Common Agricultural Policy (CAP).

PERU: INVESTMENT APPROACHES FOR BIODIVERSITY RESTORATION IN SIERRA DEL DIVISOR NATIONAL PARK

The third of the Commission's initial pilot projects is located in the Sierra del Divisor National Park in Peru. This vast protected area — covering approximately 1.35 million hectares of Amazon rainforest — spans the Loreto and Ucayali regions along the border with Brazil's Serra do Divisor National Park. According to Peru's protected areas agency, SERNANP, the park includes highly conserved and relatively undisturbed ecosystems that host numerous endemic and restricted-range species. It is reported to contain the country's highest diversity of primates, with 16 species recorded.[89]

The connection between this site and the Commission's nature credit initiative arises through the company RESTORE (see Box next page). RESTORE is a private corporation established only in October 2024 that seeks to invest in biodiversity restoration and conservation through a prototype biodiversity fund. The fund aims to issue biodiversity units based on "verified outcomes," to be registered through a third-party registry.[90]

According to Green Assist, RESTORE is the first investor in the Sierra del Divisor National Park and will test how an EU biodiversity investment vehicle could operate outside the EU.[91]

© RESTORE

Working arm-in-arm: (from left to right)

Humberto Delgado Rosa, European Commission Head of Biodiversity;

Agnès Pannier-Runacher, French Minister for Ecological Transition;

Laurent Piermont, Co-Founder of RESTORE at CBD COP16.

RESTORE's central role in such a high-profile pilot — formally endorsed and supported by the Commission — raises significant concerns. The company was only launched in October 2024 during CBD COP16 in Colombia, after what it described as "a few months of incubation," and had no prior operational record or results. Despite this, its work in the Sierra del Divisor was immediately designated as an official pilot project,[92] and agreements were rapidly signed with the Peruvian government.

RESTORE's website claims that "through this recognition, the Commission is renewing the confidence it has in RESTORE".[93]

The EU's apparent "renewed confidence" in a company with no track record or institutional history seems improbable — and may be better understood through examining the prior professional relationships of RESTORE's co-founders and directors (see Box below).

RESTORE, ALTHELIA, CDC BIODIVERSITÉ, AND THE EU

The Commission's apparent — and arguably premature — confidence in RESTORE mirrors its earlier faith in the Althelia Climate Fund more than a decade ago. Althelia was a private company newly founded by Sylvain Goupille — now one of RESTORE's co-founders[94] — and a former BNP Paribas banker.

Its business model centred on investing in forest-based carbon offset projects.

In 2013, the EIB agreed to provide up to €25 million in start-up funding to Althelia.[95] However, investigations later found that, four years into its operations, Althelia had invested only about half of its available funds.[96] Several of the projects it financed, such as the Cordillera Azul project in Peru, subsequently drew serious criticism for their lack of additionality, failure to address carbon leakage (where the source of carbon emissions — in this case deforestation — simply shifts elsewhere), gross inflation of the carbon credits generated, and harmful impacts on local communities — including the dispossession of Indigenous Peoples from their lands.[97]

Althelia also invested in the Kasigau Corridor project in Kenya, which faced similar controversies over manipulated carbon baselines, exaggerated emission reductions, and even allegations of systemic sexual abuse of female project staff.[98] By 2015, Althelia had disbursed only around €18 million, while charging investors approximately €4.4 million in management fees — a strikingly high proportion relative to total investments.[99]

In 2017, just four years after the EIB's initial investment, a majority stake in Althelia was sold to the finance company Mirova. The profits from this sale for Goupille and his partners were not publicly disclosed.

RESTORE's other co-founder, Laurent Piermont, previously founded and led CDC Biodiversité, a subsidiary of the French public investment bank Caisse des Dépôts, from 2008 to 2018. CDC Biodiversité specialises in biodiversity offsetting and conservation and received a €5 million EIB loan under the LIFE Natural Capital Financing Facility roughly a decade ago. The results of this loan do not appear to be publicly available.[100] More broadly, CDC Biodiversité has played a pivotal role in pioneering finance tools relevant to nature credits.

The expected outcomes of the Sierra del Divisor project remain unclear. RESTORE states that the park faces severe pressures from illegal logging, coca cultivation, mining, and slash-and-burn farming by impoverished local communities. It argues that stronger protection measures are needed to safeguard ecosystems and support local livelihoods.[101]

However, the national park has already been under formal protection for nearly two decades. It was first designated as a Reserved Zone in 2006[102] and later classified as a national park in 2015. At the time, Bruce Babbitt, former U.S. Secretary of the Interior and a member of the Amazon Conservation Association's Board of Directors, stated that Peruvian national parks "do an excellent job of preventing deforestation" and that the creation of Sierra del Divisor National Park would provide "excellent protections" for a vast expanse of forest.[103]

Analysis conducted for this study using Global Forest Watch data supports this assessment: between 2001 and 2024, approximately 5,300 hectares of forest were lost — equivalent to about 0.4 percent of the park's total area. This rate is significantly lower than national or global averages for forest loss.

This raises important questions about what meaningful lessons can be drawn from a project where additionality — the principle that conservation outcomes would not occur without the intervention — appears doubtful. The park has been effectively protected for years without reliance on revenue from nature credit sales. Moreover, it is unclear why the Commission would seek to examine "the compatibility of biodiversity-related contributions made in Peru," given that international trading of nature credits has ostensibly been ruled out.

Concerns also arise regarding the involvement and rights of the park's Indigenous inhabitants, who comprise around 20 distinct communities. The Commission has repeatedly emphasised the need to respect and support Indigenous Peoples and local communities within nature crediting initiatives. Under International Labour Organization Convention No. 169, which Peru has ratified, such projects are legally required to obtain the Free, Prior and Informed Consent (FPIC) of Indigenous populations. Several Indigenous groups — estimated at 300 to 400 individuals — are believed to live in voluntary isolation within the park and therefore enjoy special legal protection.[104]

It is not known what steps, if any, have been taken to secure FPIC for this project — a process likely to be particularly complex in this context. This highlights broader concerns that the potential social and human rights impacts of nature crediting schemes, even at the pilot phase, may not be adequately addressed. Such risks are especially salient given the EU's patchy record on human rights safeguards in wider development initiatives, including those under its Global Gateway strategy.[105]

No specific figures for RESTORE's budget have been publicly disclosed. Questions addressed directly to Mr. Goupille have not received a response. Attempts to contact the company through the only listed email address — contact@ on RESTORE's official website — were unsuccessful, as messages were returned undelivered. No other email addresses or telephone numbers for the company appear to exist.

REFERENCES & NOTES

73 EC (2025). Roadmap to Nature Credits. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM/2025/374 Final. Available at: https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=comnat:COM_2025_0374_FIN (14 August 2025).

74 EC (2024). Florika Fink-Hooijer, speaking at a side event, EU Action on Biodiversity Credits, CBD COP 16 Colombia. Available at: www.youtube.com/watch?v=rbj8Ch5KdqE (9 September 2025).

75 Eurostat. Glossary: Commodity. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Commodity#:~:text=A%20commodity,%20also%20called%20primary,often%20traded%20on%20commodity%20exchanges (14 July 2025).

76 See for example Dahm, J. (2025). Carbon sinks: NGOs slam 'unbalanced' Commission expert body. Available at: www.euractiv.com/news/carbon-sinks-ngos-slam-unbalanced-commission-expert-body (22 August 2025), or Hernández, M. R. (2025). Expert feedback on CRCF methodologies. Available at: https://carbonmarketwatch.org/publications/crcf-methodologies-expert/?utm_source=chatgpt.com (22 August 2025).

77 EC (2025). Expert group on nature credits (E04006). Available at: https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=4006&fromCallsApplication=true (18 December 2025)

78 EC (2022). The EU launches a new advisory service GREEN ASSIST. Available at: https://ec.europa.eu/newsroom/neb/items/765698/en (17 August 2025).

79 Green Assist. The expert advice to make your investment greener. Available at: https://cinea.ec.europa.eu/green-assist-green-advisory-service-sustainable-investments-support_en (15 August 2025).

80 EC (2023). Green Assist. Additional FAQs. Available at: https://cinea.ec.europa.eu/system/files/2023-10/GREEN%20ASSIST%20-%20FAQ%20experts-%2028Sept%20Clean.pdf (16 August 2025).

81 This is basically a tailored support project set up between the Advisory Hub and a beneficiary (such as a public authority, private company, or financial institution).

82 CINEA (2023). GREEN ASSIST in a nutshell – Take-aways from the Info session. Available at: www.youtube.com/watch?v=xxxxxx (14 August 2025).

83 Forestry France (undated). Website homepage. Available at: www.forestry-europe.com (26 August 2025).

84 EC 2025j. Green Assist and Forestry Europe: exploring voluntary nature credits in Estonian private forests. 30 June 2025. Available at: https://cinea.ec.europa.eu/news-events/news/green-assist-and-forestry-europe-exploring-voluntary-nature-credits-estonian-private-forests-2025-06-30_en (22 August 2025).

85 EC 2025j. Green Assist and Forestry Europe: exploring voluntary nature credits in Estonian private forests.

86 FERN (2025). NGOs reveal forest destruction caused by EU Nature Credits pilot. Available at: www.fern.org/publications-insight/ngos-reveal-forest-destruction-caused-by-eu-nature-credits-pilot (16 August 2025).

87 EC (2025). Green Assist: experimenting biodiversity certificates in Seine-Normandy wetlands. Available at: https://cinea.ec.europa.eu/news-events/news/green-assist-experimenting-biodiversity-certificates-seine-normandy-wetlands-2025-06-30_en (22 August 2025).

88 IAPB (undated). Pilots. Available at: www.iapbiocredits.org/pilots (22 August 2025).

89 Government of Peru (2019). Sierra del Divisor National Park. Available at: www.gob.pe/institucion/sernanp/informes-publicaciones/1949413-parque-nacional-sierra-del-divisor (15 August 2025).

90 IAPB (undated). Pilots. Available at: www.iapbiocredits.org/pilots (22 August 2025).

91 EC (2025). Green Assist and RESTORE: exploring an investment approach for biodiversity restoration and conservation. Available at: https://ec.europa.eu/info/funding-tenders/opportunities/green-assist-restore (14 August 2025).

92 See RESTORE (2024). Parque Nacional Sierra del Divisor, Peru. Available at: www.restore.org/parque-nacional-sierra-del-divisor (16 August 2024).

93 RESTORE (undated). RESTORE presented as a pilot project for biodiversity credits by the European Commission at COP16. Available at: www.restore.org/cop16-pilot-project (21 August 2025).

94 RESTORE (undated). Turning Actions into Assets. Corporate brochure. Available at: www.restore.org/turning-actions-into-assets (21 August 2025).

95 European Investment Bank (2013). EIB supports Althelia Climate Fund to save tropical forests. 13 June 2013. Available at: www.eib.org/en/infocentre/press/all/eib-supports-althelia-climate-fund-to-save-tropical-forests.htm (21 August 2025).

96 Kill, J. (2016). The Kasigau Corridor REDD+ Project in Kenya: A Crash Dive for the Althelia Climate Fund. Available at: https://counter-balance.org/uploads/files/Reports/Flagship-Reports-Files/2017-The-Kasigau-Corridor-REDD-Kenya.pdf (15 August 2025).

97 See, for example, Kill, J. & Counsell, S. (2022). How Shell is Using Nature Based Solutions to Continue its Fossil Fuel Agenda. Available at: https://en.milieudefensie.nl/news/shells-pipe-dream (15 August 2025).

98 Hengeveld, M. (2023). Offsetting human rights; Sexual abuse and harassment at the Kasigau Corridor REDD+ Project in Kenya. Available at: www.somo.nl/offsetting-human-rights (10 September 2023).

99 Kill, J. (2016). The Kasigau Corridor REDD+ Project in Kenya: A Crash Dive for the Althelia Climate Fund. Available at: https://counter-balance.org/uploads/files/Reports/Flagship-Reports-Files/2017-The-Kasigau-Corridor-REDD-Kenya.pdf (15 August 2025).

100 The information publicly provided on EIB loans is generally minimal.

101 RESTORE (2024). Parque Nacional Sierra del Divisor, Peru. Available at: www.restore.org/parque-nacional-sierra-del-divisor (16 August 2024).

102 Amazon Conservation (2015). Sierra Del Divisor – Growing Threats Highlight Importance of Creating National Park. Available at: www.amazonconservation.org/sierra-del-divisor-growing-threats-highlight-importance-of-creating-national-park (15 August 2025).

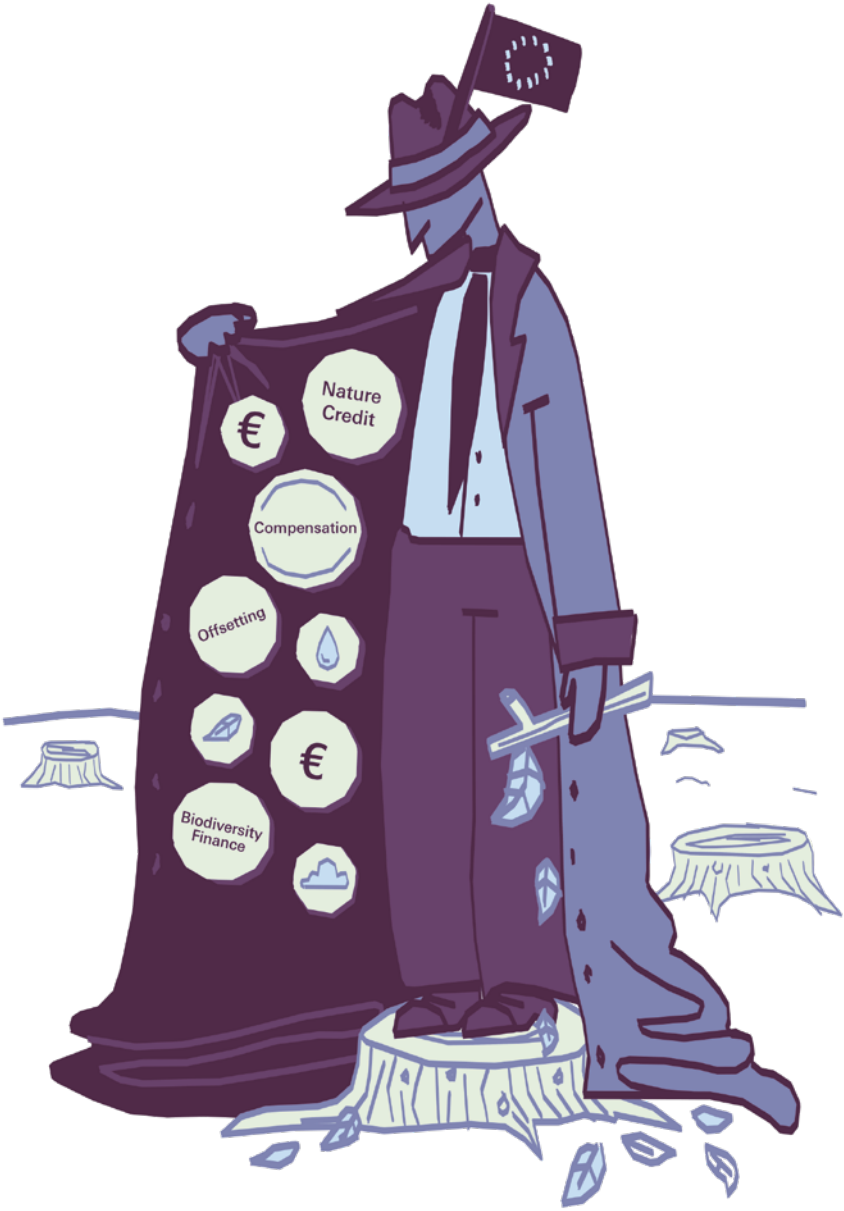
103 Joshi, A. & Erickson-Davis, M. (2015). 'A critical gift': Peru rejoices as a new national park is born. Available at: https://news.mongabay.com/2015/11/a-critical-gift-peru-rejoices-as-a-new-national-park-is-born (15 August 2025).

104 Joshi, A. & Erickson-Davis, M. (2015). 'A critical gift': Peru rejoices as a new national park is born. add here: Available at: https://news.mongabay.com/2015/11/a-critical-gift-peru-rejoices-as-a-new-national-park-is-born (15 August 2025).

105 Gerasimcikova, A. and Sial, F. (2024). Who profits from the Global Gateway? The EU's new strategy for development cooperation. Available at: www.eurodad.org/who_profits_from_the_global_gateway_the_eu_s_new_strategy_for_development_cooperation (10 September 2025).

THE WAY FORWARD

4


€
Nature Credit
Compensation
Offsetting
€
Biodiversity Finance

ALTERNATIVES TO NATURE CREDITS

As the previous chapters demonstrate, the growing push toward biodiversity and nature crediting has been driven by interests that extend well beyond biodiversity protection. These schemes channel new funding to conservation organisations and corporations, while simultaneously enriching the finance sector by transforming nature into a financial asset class.

For major businesses, nature credits offer a way to avoid regulations that could affect profits, instead shifting the costs of biodiversity protection onto market mechanisms. At the same time, governments can offload responsibility for compensating farmers and landowners from public budgets to private actors, as well as avoid the urgently needed but politically challenging decisions required to strengthen regulatory protections for nature.

In sum, nature credits are a distraction from the steps needed to truly tackle the nature and biodiversity crisis and to pursue a broader transformation toward a sustainable, people- and ecosystems-centred economy. Without a comprehensive approach, nature and biodiversity protection risk being shaped more by financial incentives than by ecological necessity. As the biodiversity crisis accelerates, the EU must take decisive action to ensure that ecosystem protection is effective and lasting. The following measures are therefore essential:

STRONGER LEGISLATION AND ENFORCEMENT

Transformative change for biodiversity protection requires robust legislation and the capacity to enforce it, prohibiting habitat destruction, pollution, and ecosystem degradation, in particular through practices like illegal land clearing for cattle ranching, mining, or roads.[106] Binding laws, not voluntary pledges, are needed to stop biodiversity loss at its source. Unlike nature credits, which attempt to compensate for damage after the fact, strong regulations can prevent harm in the first place.

History shows that enforceable rules are effective means of safeguarding biodiversity, as illustrated by international agreements protecting the ozone layer and bans on asbestos, which achieved measurable environmental gains. Yet biodiversity loss presents a far greater challenge, demanding deep systemic changes in how economies function and in our ways of living.

The EU must fully implement and enforce its existing biodiversity policies, ensuring that trade, agriculture, and energy policies align with ecological protection. Regulations must also directly confront fossil fuel production and consumption — the single greatest long-term threat to biodiversity — and reduce overall material demand, especially in the Global North, where consumption drives global ecological collapse.

Restoration laws must be strengthened to prevent their misuse as offset mechanisms. Protection and restoration should be legal obligations, not tools to justify destruction elsewhere. Member States should transparently report both biodiversity destruction and restoration efforts. Strong and enforceable rules should require that any destruction of biodiversity be avoided, allowing only for projects that have no viable alternatives and serve genuine public interests, such as essential healthcare infrastructure, and not commercial expansion or extractive activities.

EXPANSION OF PUBLIC FINANCE AND ENDING HARMFUL SUBSIDIES

Nature should be considered a public good, with public funds directed towards effective biodiversity conservation and restoration, as well as towards the overall transition to sustainable economies, prioritising public and environmental well-being over corporate profit.

Public finance mechanisms such as the EU's LIFE programme[107] should be maintained and expanded to provide stable, long-term funding for biodiversity protection and ecosystem restoration. At the same time, harmful subsidy schemes in energy, transport, agriculture, and fisheries — including support for fossil fuels and CAP payments that encourage unsustainable farming practices — must be phased out. Eliminating these subsidies would not only reduce environmental harm but also free up an estimated €48 billion annually to support biodiversity conservation, far exceeding what nature credit markets could ever deliver.[108]

In parallel, public financing for biodiversity should be significantly strengthened through debt and tax justice. This includes reversing decades of tax cuts on corporate profits, and establishing EU-level taxation mechanisms such as environmental taxes, financial transaction levies, or wealth taxes, parts of which could be redistributed to create stable and equitable revenue streams for biodiversity protection and climate action.

Abroad, the EU must support alternative pathways rooted in economic sovereignty. It must free up resources for Global South countries to invest in sustainable economic activities, including locally rooted food and production systems, and in the protection of nature as a public good. This requires cancelling debt, reforming unequal multilateral institutions and their restrictive rules, and providing highly concessional development and climate finance that reflect the historical responsibilities of the Global North.

SUPPORTING PUBLIC, DEMOCRATIC AND TERRITORIAL GOVERNANCE OF NATURE

Public funds should be directed to support community- and farmer-led biodiversity restoration and agroecological transition, ensuring decisions are democratic, inclusive, and ecologically grounded in local knowledge rather than driven by market logic. Approaches rooted in agroecology and other forms of collective land stewardship demonstrate that biodiversity can be generated through daily practices and community management rather than by being commodified or outsourced to market mechanisms.

Financial support must also reach those who truly safeguard biodiversity: Indigenous Peoples and local communities. The EU and the wider Global North have a moral and historical responsibility to ensure that funds flow directly to these groups in the Global South, and not as part of offsetting schemes or projects that permit environmental destruction elsewhere. Funding must support genuine, locally led conservation and restoration efforts, without having to be linked to market-based projects such as nature credit schemes.

Civil society and rightsholders should be able to participate meaningfully and inclusively in the design, allocation, and monitoring of funding priorities for nature protection. Such participation would help ensure that public resources support socially just and locally relevant outcomes, strengthen accountability, and help build long-term public trust in environmental policy.

ADOPTING A SOCIAL, RIGHTS-BASED APPROACH

Finally, the EU must uphold and strengthen the collective rights of Indigenous Peoples, peasants, and rural communities to manage land, seeds, water, and biodiversity. Community-driven approaches rooted in ecology, justice and equity have consistently proven to be among the most effective and cost-efficient means of protecting nature and biodiversity.

As the world's largest donor to biodiversity protection, the EU should reform the way it approaches international conservation funding, abandoning top-down, costly and technocratic models that undermine Indigenous and community sovereignty. To do so, it should support local and Indigenous governance, collective land ownership, and sustainable communal land management. Such a shift would deliver far greater biodiversity gains, especially in the Global South where most of the world's biodiversity is found.

CONCLUSIONS

The analysis presented in this study presents a troubling picture of the EU's growing engagement with nature crediting. The key concerns can be summarised as follows:

> PREMATURE ENDORSEMENT OF MARKET-BASED INSTRUMENTS

The EU's increasing support for nature crediting assumes that market mechanisms are both inevitable and desirable, without first assessing whether they are effective tools for protecting biodiversity. Alternatives, such as stronger regulation, improved enforcement of existing environmental laws, and the phase-out of harmful subsidies, have not been adequately considered as solutions to biodiversity loss. In doing so, nature crediting distracts from structural issues such as overconsumption, corporate control of land and resources, harmful subsidies, and increasing corporate capture of environmental policy.

The main rationale for promoting nature credits — that private capital is needed to close the biodiversity funding gap and that such investments would result in biodiversity protection — rests on weak foundations. Redirecting existing environmentally harmful public subsidies — estimated at €48 billion per year — toward nature protection would generate far greater and more reliable funding than nature markets could plausibly deliver. Moreover, evidence suggests that most biodiversity protection in nature credit schemes would rely primarily on offsetting destruction elsewhere, calling into question their environmental benefit.

> EROSION OF PUBLIC BIODIVERSITY FUNDING

The push for nature crediting coincides with a troubling downgrading of biodiversity as a public spending priority. Just weeks after publishing the Roadmap, the Commission's draft 2028–2034 budget proposed merging the LIFE Programme — the EU's only dedicated biodiversity fund — into a broader European Competitiveness Fund, with no earmarked biodiversity funding. Similarly, under the new CAP structure, agri-environmental and climate measures would become optional, without dedicated budgets or minimum spending requirements. These changes suggest that nature crediting is being positioned not as a

complement to public investment in biodiversity protection, but as its replacement.

> REPETITION OF PAST POLICY FAILURES

The EU's move into nature crediting could repeat the mistakes of carbon markets and earlier EU market-based policies. The Commission follows a path similar to that of the CRCF — a process heavily dominated by industry — which risks creating a scheme with weak environmental integrity.

The specific proposals in the Commission's Roadmap are mostly ill-considered. They set out a premature jump towards the development of specific "methodologies" for nature crediting before any of the fundamental problems with the concept have been addressed. The questions and doubts contained in the Climate Biodiversity Nexus report commissioned by the Commission itself remain almost entirely unresolved.

While the Commission frequently invokes the need for "high integrity," there are no concrete measures to prevent greenwashing. The Roadmap lacks anti-offsetting safeguards and anchors credits within the mitigation hierarchy, effectively enabling continued environmental destruction under the guise of compensation.

Additionally, the pilot projects launched under the nature crediting initiative lack a coherent plan, clear objectives, or transparent selection criteria. It remains unclear how the pilots were chosen, what results or lessons they will produce, and how those lessons will inform future policy decisions.

> PERPETUATING INEQUALITIES AND HUMAN RIGHTS RISKS

By promoting new markets in biodiversity offsets that may extend internationally, the EU risks shifting the burden of conservation to the Global South, where land is cheaper and governance weaker. Such a move could lead to land grabbing, displacement of local communities, and violations of Indigenous Peoples' rights — deepening global inequalities and perpetuating ecological harm rather than resolving it.

Nature crediting also poses social risks inside the EU. Uncertain and volatile credit revenues could leave farmers, landowners, and other participants reliant on speculative markets, while rising land prices and digital certification systems risk excluding small and medium farmers, as well as new entrants. Such policies risk reinforcing existing inequalities, enabling large landowners and financial actors to capture most of the benefits while marginalising those whose traditional practices genuinely sustain biodiversity.

RECOMMENDATIONS

Policy-makers should take into account existing evidence and critical gaps in the Commission's Roadmap towards Nature Credits. Rather than moving prematurely toward specific methodologies for nature crediting, policy-makers should acknowledge the issues with the concept itself, including the significant concerns highlighted in the Climate Biodiversity Nexus report.

To ensure facts-based policy, rigorous, transparent, and independent assessments must be carried out before going forward with nature credit schemes — openly considering the possibility that there may be no sufficient case to proceed with nature crediting or nature markets at all.

Evidence suggests that market-based instruments are not appropriate tools for achieving biodiversity objectives. Rather than investing political effort and public funds in a shaky nature crediting scheme, policy-makers in the EU and its Member States should prioritise the following actions to effectively address the biodiversity crisis:

> PREVENT HARM AT THE SOURCE

Strengthen and enforce regulations to stop biodiversity loss, curb fossil fuel production and consumption, reduce overall material use, and hold corporations accountable for environmental damage.

> INCREASE DIRECT PUBLIC INVESTMENT

Maintain and expand funding for biodiversity protection and restoration managed by local and Indigenous communities, phase out harmful subsidies, and support an agroecological transition that ensures fair prices for producers and orients the CAP toward ecological transformation.

> PROTECT COMMUNITY AND INDIGENOUS RIGHTS

Recognise and uphold the collective rights of Indigenous Peoples, food producers, and rural communities to steward land, seeds, water, and biodiversity.

> INCORPORATE LESSONS LEARNED AND ENSURE INCLUSIVE AND DEMOCRATIC GOVERNANCE

Ground policies on the basis of what has worked — or failed — so far, and incorporate the experiences and knowledge of affected communities, rather than prioritising narrow corporate or financial interests.

REFERENCES & NOTES

106 World Resource Institute (2025). Organized Crime in The Amazon. Available at: www.wri.org/insights/nature-crime-amazon-deforestation (10 September 2025).

107 EC (undated). LIFE Programme - EU's funding instrument for the environment and climate action https://cinea.ec.europa.eu/programmes/life_en (22 August 2025).

108 WWF (2024). Can your money do better? Redirecting harmful subsidies to foster nature and climate resilience. Available at: https://wwfeu.awsassets.panda.org/downloads/wwf---harmful-subsidies-report_full-report.pdf (22 August 2025).

ACKNOWLEDGMENTS

We want to thank the following people who played an important role in producing this study by taking the time to share their feedback and expertise:

Sophie Scherger
Olcay Bingol
Paul de Zylva
Miguel Diaz
Friedrich Wulf
Frederic Hache
Nele Marien
Siim Kuresoo

IMPRESSUM

Rosa-Luxemburg-Stiftung, Brussels Office
Rue Saint-Ghislain 62, 1000 Brussels, Belgium
www.rosalux.eu

Head of Office, Legally responsible for publication
Anna Schröder

Brüssel 2025

Author
Simon Counsell
Clara Bourgin

Project Manager
Alexandra Gerasimcikova

Illustrations
Noble Studio

Design, Realisation
HDMH srl

This publication was funded by the
German Federal Foreign Office.

WWW.ROSALUX.EU