

Communities and  
nature markets:

# Building just partnerships in Biodiversity Credits

---

Discussion Paper

SEPTEMBER 2023





# About BCA

The Biodiversity Credit Alliance (BCA) exists to provide guidance for the formulation of a credible and scalable biodiversity credit market that stands up to the scrutiny of multiple market participants. Key among them are Indigenous Peoples and Local Communities who live at the frontline of the nature crisis, and are represented on BCA's Community Advisory Panel (CAP). Together we are working to ensure strong foundations and principles exist and can be applied by all who enter the market.

## Our Mission

BCA is a voluntary international alliance that brings together diverse stakeholders to support the realisation of the Kunming–Montreal Global Biodiversity Framework, in particular Targets 19(c) and (d), which “encourage the private sector to invest in biodiversity” utilising, amongst others “biodiversity credits ... with social safeguards.”

### Our mission is twofold:



Help steer the development of a voluntary biodiversity credit market by building a framework of high-level, science-based principles.



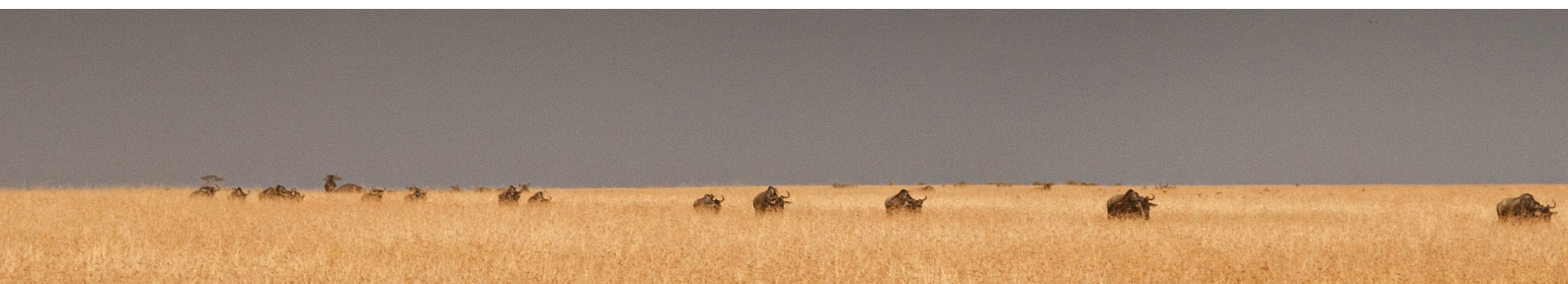
Provide guidance and encourage best practice for market participants on the application of these principles, empowering them to achieve and maintain equitable, high quality transactions that meet strict integrity criteria.

BCA was launched during the Fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP 15) in December 2022, in Montreal. Initially BCA was launched as an informal working group of field-based conservation practitioners, researchers, academics, and standard setters, but has grown to include representatives of Indigenous Peoples and Local Communities who form the BCA Communities Advisory Panel (CAP), as well as representatives of the private sector, with the World Business Council for Sustainable Development (WBCSD) as a key partner.

The BCA Secretariat is facilitated by United Nations Development Programme (UNDP), United Nations Environment Programme Finance Initiative (UNEP FI) and the Swedish International Development Cooperation Agency (SIDA).

# Table of contents

Summary .....	4
Introduction.....	8
Part 1: Current State.....	20
Part 2: Investors Practicing Respect for Communities' Rights and Integrity .....	32
Part 3: Transforming the Community-Investor Relationship at Scale .....	51
Conclusions.....	54
Appendix 1: Acronyms.....	55



Attribution-NonCommercial-ShareAlike 4.0 International

Communities and nature markets: Building just partnerships in Biodiversity Credits © 2023 by Biodiversity Credit Alliance is licensed under Attribution-NonCommercial-ShareAlike 4.0 International. To view a copy of this license, visit <http://creativecommons.org/licenses/by-nc-sa/4.0/>

Under the terms of this license, this work may be copied, redistributed and adapted for non-commercial purposes, provided that The Work is appropriately cited. In any use of this work, there should be no suggestion that Biodiversity Credit Alliance endorses any specific organization, products or services. The use of the BCA logo is not permitted. If The Work is adapted, then it must be licensed under the same or equivalent Creative Commons license. No use of this publication may be made for resale or any other commercial purpose whatsoever without prior permission in writing from the Biodiversity Credit Alliance.

Cover photo: Twice a month, 70 women volunteers clean out water hyacinth that grows in water bodies in Jeypore, Odisha, India. Water hyacinth contaminates water, reduces soil fertility, and spreads diseases. It blocks waterways and causes waterlogging. The rotting water hyacinth attracts snakes and poisonous insects. Photo: ©Prashanth Vishwanathan/UNDP India.



**Suggested citation:** Biodiversity Credit Alliance (BCA). (2023). Communities and nature markets: Building just Partnerships in Biodiversity Credits. Discussion paper. New York: Biodiversity Credit Alliance.

---

# Summary

Biodiversity credits have been proposed, and are increasingly being piloted, as a market-based mechanism to help halt and reverse the loss of global biodiversity.<sup>1</sup> Indigenous Peoples (IPs) and Local Communities (LCs)<sup>2</sup> are on the frontline of protecting and maintaining the world's biodiversity.<sup>3</sup> Indigenous Peoples in particular make up less than 5% of the world's population, manage just less than half of terrestrial landscapes and a third of inland waters,<sup>4</sup> yet they have succeeded in protecting 80% of our global biodiversity.<sup>5</sup> Indigenous Peoples have managed this impressive outcome even in the context of historic power imbalances and persecution. Local Communities may also play an important role in stewarding nature, and indeed both groups may also rely on nature and be affected by changing approaches to its management. Notably, Indigenous Peoples have important and unique rights linked to biodiversity that are recognised by the UN, but which are not always upheld in practice. When it comes to the development of new markets for biodiversity credits, IPs and LCs are clear key stakeholders without whom a market should not progress.

A just and sustainable market in biodiversity credits would foreground the rights of Indigenous Peoples, increasingly recognised as the most effective avenue for protecting biodiversity. The Kunming-Montreal Global Biodiversity Framework extensively highlights the importance of IPs and LCs, including that they should (at a minimum) benefit from financial flows for nature—as is their right with respect to their territories and efforts. It is important to note that IPs and LCs may not want or prefer biodiversity credits as a solution, and they have the right to decide if and how they are involved.

---

<sup>1</sup> The scope of the paper is credits that maintain or increase biodiversity such as net gain, but not offsets which are used to compensate for damage via a mitigation hierarchy or other.

<sup>2</sup> See footnote 5 and text box 1 for explanation of terms used in this paper.

<sup>3</sup> The potential scope of biodiversity credits includes terrestrial, inland water and marine & coastal biodiversity, but the current examples are mainly terrestrial.

<sup>4</sup> WWF, UNEP-WCMC, SGP/ICCA-GSI, et al. (2021). The State of Indigenous Peoples' and Local Communities' Lands and Territories: A technical review of the state of Indigenous Peoples' and Local Communities' lands, their contributions to global biodiversity conservation and ecosystem services, the pressures they face, and recommendations for actions. Gland, Switzerland.

<sup>5</sup> Garnett, S.T., Burgess, N.D., Fa, J.E., Fernández-Llamazares, Á., Molnár, Z., Robinson, C.J., ... & Leiper, I. (2018). A spatial overview of the global importance of Indigenous lands for conservation. *Nature Sustainability*, 1(7), 369–374. See also e.g. Harmsworth G., & Awatere S. (2013). Indigenous Māori knowledge and perspectives of ecosystems. In Dymond J.R. ed. *Ecosystem services in New Zealand—conditions and trends*. Manaaki Whenua Press, Lincoln, New Zealand. Stephenson J., (2001). Recognising Rangatiratanga in Resource Management for Māori Land: A Need for a New Set of Arrangements? *NZ Journal of Environmental Law* 5: 159–193.



The Biodiversity Credit Alliance (BCA) is a partnership facilitated by UNDP and UNEP FI, working to bring clarity and guidance for the formulation of a credible and scalable biodiversity credit market under global biodiversity credit principles. It includes a Communities Advisory Panel (CAP) that aims to fully and effectively engage nature-stewarding IPs and LCs in the design and development of BCA principles and products, and secure full respect of their rights therein.

The BCA has commissioned this paper to unpack the topic of IPs and LCs in the biodiversity credit market—initially for the purpose of making (external) investors aware of the forthcoming work of the Community Advisory Panel and its importance. This discussion paper is aimed primarily at external investors including financial institutions and corporates, who will have different circumstances than investors from the local community, including IPs and LCs themselves. The paper argues that investors should be more aware of the important role of IPs and LCs in nature and biodiversity—and by extension in biodiversity credit markets. It is understood that nature-stewarding IPs and LCs should be key beneficiaries of proceeds generated by the sale of biodiversity credits.<sup>6</sup> Countries are starting to legislate for this in the carbon markets, e.g. Kenya, Tanzania, Zimbabwe, and are learning lessons on how this can be handled appropriately through culturally-relevant engagement processes. With all of their knowledge, understanding and proximity to key areas of biodiversity, beyond being involved in individual projects, IPs and LCs should play a leading role in the development of the market as well as individual projects within it. It is therefore paramount that BCA develops its principles and products together with IPs and LCs and with full respect of their rights, and that investors are fully aware and ready for the resulting BCA principles and guidance that will emerge.

There are essentially two overarching arguments for (external) investors to engage with IPs and LCs in the biodiversity credit market: the justice or moral case, and a business case involving the ability to identify and effectively manage the risks related to biodiversity credit investments. They are both valid and interconnected but the paper focuses on the latter in terms of a business case, largely directed to investors from outside the community such as financial institutions and corporates. Investors should first and foremost support Indigenous- and locally-led approaches in biodiversity credit markets. Investors considering entering biodiversity credit markets must engage with IPs and LCs on fair terms: this is a pre-condition to be able to identify, manage and mitigate environmental, social and financial risks on both sides of a transaction.

Safeguards and guidance are already widely available that can support mutual benefits, yet they are too often poorly or insufficiently applied.<sup>7</sup> This paper suggests a business case that ultimately leads to reduced risk and better outcomes for (external) investors and communities themselves through more just partnerships.

---

<sup>6</sup> Plan Vivo for example ensures that at least 60% of the finance generated through the sale of credits returns directly to IPs and LCs — this is certified via the Plan Vivo Standard. An example at project level is ACORN, which guarantees 80% of revenues of carbon agro-forestry proceeds go back to Local Communities.

<sup>7</sup> Wissner, M., Köstler, C., & Marquardt, N. (2022). Ensuring safeguards and assessing sustainable development impacts in the voluntary carbon market—An overview of approaches.

## The paper is organised as follows:

1

**Part 1:** Current State—reviews the current state of the emerging biodiversity credits market as it relates to IPs and LCs.

2

**Part 2:** Investors Practicing Respect for Communities' Rights and Integrity—highlights guidance for investors in Indigenous Peoples' rights, describes examples of benefits that arise where communities, particularly Indigenous Peoples, drive the development of nature-related markets, and examines how individual investors can and do support such actions today. The rights of Indigenous Peoples in particular are protected by a growing body of international human rights instruments and jurisprudence, yet these rights are often not widely understood in the investment community.<sup>8</sup>

3

**Part 3:** Transforming the Community-Investor Relationship at Scale—draws attention to the fact that for systemic change to occur at scale, broader efforts that go beyond individual investors and extend to national and sub-national level are needed. This section also examines the need for IP and LC inclusion in the development of international policy and the definition of biodiversity credit markets themselves. Initial ideas provided will be further considered with the guidance of BCA and in consultation with other market participants.

The discussion paper does NOT intend to pre-empt the Charter, recommendations or other outputs of the CAP, but to raise awareness of the importance of the work of the CAP, in particular for (external) investors. While basic principles can guide individual efforts, systematically improving engagement between communities and investors in biodiversity credit markets requires wider changes, such as national legislation for Free, Prior and Informed Consent (FPIC) and dedicated efforts including IPs and LCs playing a formal role in the accreditation of biodiversity credits. This discussion paper also avoids pre-empting the work of the output of BCA's Definitions Working Group, which will also be informed by the CAP. In broad terms, a definition of a voluntary biodiversity unit that includes maintaining biodiversity is likely to be more favourable to IPs and LCs than one which is limited to the measurement of biodiversity uplift, thereby recognising that IPs and LCs have already invested considerably in stewardship.

---

<sup>8</sup> Amazon Watch (2023)





---

## Disclaimer and feedback

This discussion paper recognises that there is a lot of regional variation in these topics, and some key terms carry different meanings to different stakeholders. This paper aims to employ cases from each of the seven socio-cultural regions of Indigenous Peoples defined by the United Nations Permanent Forum on Indigenous Issues (UNPFII)—noted below, but gaps remain and existing cases cannot be considered illustrative of all circumstances relevant to the topic. Efforts have been made to engage IPs and LCs in the scoping, drafting and review of the paper, including via the UNPFII, the CAP and other platforms. The discussion paper is an invitation to more IPs and LCs and other collaborating partners to discuss and engage. Any feedback should be shared with Manesh Lacoul <[manesh.lacoul@undp.org](mailto:manesh.lacoul@undp.org)> and Jessica Smith <[jessica.smith@un.org](mailto:jessica.smith@un.org)> on behalf of the BCA Secretariat.

---

# Introduction

Indigenous Peoples and Local Communities (IPs and LCs)<sup>9</sup> play a considerable role in maintaining the world's remaining biodiversity.<sup>10</sup> Yet they rarely access the public or private finance earmarked for this purpose.<sup>11</sup> The recently-adopted Kunming-Montreal Global Biodiversity Framework (GBF) confirms that Indigenous Peoples and Local Communities with their deep knowledge and connection to their lands and seas are crucial actors in transforming humanity's relationship with nature. The GBF promotes the importance of fairly enabling and compensating IPs and LCs for this enormous task, which has been little funded despite the huge value derived to all of humanity from their efforts. It is not a question of "if" but practically "how" IPs and LCs can be duly financially rewarded and continue to benefit in terms of livelihood values from the ecosystem services that they generate and maintain for the wider benefit of humanity, often at great cost and risk to themselves.<sup>12</sup> IPs and LCs are nature's frontline stewards and deserve to lead in the design and oversight of nature-related markets.

This paper considers the investor perspective in the emerging market for biodiversity credits, and promotes the business case for investors to inform themselves on how to engage fairly with IPs and LCs. It is generally geared to cases where the investors are outside the community, as investors who are within the community such as IPs and LCs themselves, will have different circumstances in relation to many of the topics discussed here. The paper aims to cover a range of circumstances in the seven socio-cultural regions of the world recognised by UNPFII, but as noted in the disclaimer, is not comprehensive to all circumstances.

---

<sup>9</sup> Currently the [Convention on Biological Diversity](#) uses the term 'Indigenous Peoples and Local Communities'; however this is under consideration and may be updated at the forthcoming COP per decision 15/21. In the paper we therefore use the term "Indigenous Peoples' and Local Communities" wherever we can to differentiate these groups as relevant. Note that there is a lot of regional variation and that Indigenous Peoples are sometimes considered local communities, and local communities can sometimes contain individuals that are Indigenous, yet the two groups are not identical and may have different levels of rights or voice in a particular society. The term Local Communities is far broader and doesn't necessarily have the same association with traditional ecological knowledge or biodiversity conservation. These groups may want and/or need different things from nature markets, and eventually guidance on the theme of this discussion paper should address these matters with more granularity.

<sup>10</sup> Garnett, T., et al. (2018). See also FAO. (2021). [The White/Wiphala Paper on Indigenous Peoples' food systems](#). Rome. Noon, M.L., et al. (2022). [Mapping the irrecoverable carbon in Earth's ecosystems](#). Nat Sustain 5, 37–46.

<sup>11</sup> Rainforest Foundation Norway. (2021). [Falling short](#).

<sup>12</sup> UNEP. (n.d.). [Who are environmental defenders?](#); Gross E., Jayasinghe N., Brooks A., Polet G., Wadhwa R. & Hilderink-Koopmans F. (2021). [A Future for All: The Need for Human-Wildlife Coexistence](#). (WWF, Gland, Switzerland).



Table 1. Case studies of nature markets benefitting Indigenous Peoples and Local Communities from UNPFII-recognised socio-cultural regions.

UNPFII-recognised socio-cultural region	Case example
Africa	ValueNature, South Africa
	Yaeda–Eyasi Community-led REDD Plan Vivo project, Tanzania
	EarthAcre, Kenya
	Wadappt, Namibia/South Africa
Asia	Forthcoming tiger bond in four Asian tiger-range states (Indigenous Peoples and Local Communities)
Central and South America and the Caribbean	Heritage Colombia / Herencia Colombia (HECO)
	Terrasos: Partnership for Forest Protocol for Voluntary Biodiversity Credits (VBC), Colombia (Indigenous Peoples and Local Communities)
	Ashaninka case re Biodiversity Law, Brazil
	Savimbo, Colombian Amazon
North America	The Great Bear Rainforest and Haida Gwaii agreements
Pacific	Babatana Rainforest Conservation Project, Choiseul, Solomon Islands (Plan Vivo & UNEP)
	Rarakau first rainforest carbon project in New Zealand—Protecting 738 ha of Māori-owned indigenous rainforest (Plan Vivo)
	East Coast Exchange, Tairāwhiti and Hawkes Bay, Aotearoa New Zealand
Regions where case studies were not found: (1) the Arctic, and (2) Eastern Europe, Russian Federation, Central Asia and Transcaucasia	

## Context and outlook for biodiversity credits, related to communities

“

Biodiversity is degrading at alarming rates, and people living in biodiversity-rich areas often bear the heaviest costs of biodiversity loss and inequitable conservation efforts. Biodiversity credits, or ‘biocredits’, are emerging as a potentially tradeable unit of biodiversity gain that can incentivise nature conservation and restoration to benefit marginalised groups living with nature.

DUCROS AND STEELE, 2022





Biodiversity credits<sup>13</sup> are an economic instrument that can be used to finance actions that result in the conservation of ecosystems and/or measurable, net-positive outcomes for biodiversity (e.g. via increase in integrity of species, ecosystems, natural habitats) through the creation and sale of units, largely for gain in biodiversity.<sup>14</sup> Biodiversity credits may also gain value when there is a measurable decrease in the threat to biodiversity, and/or to reward stewards of areas that are not under threat. Broad approaches to biodiversity credits are emerging based on measuring biodiversity outcomes, measuring biodiversity activities, and standardising projects (nature repair certificates). A preference seems to be emerging for outcomes-based credits based on the market need for a “measurable unit”.

The paper does not aim to pre-empt BCA's definition of biodiversity credits that is underway in BCA's Working Group 1, which will be informed by the CAP. It does suggest though that a matter for further examination within BCA, is how to finance the ongoing protection of nature and avoid damage. Given the successes of Indigenous Peoples in stewarding biodiversity, it could be argued that within at least some Indigenous territories, the financing need relates more to financing protection against further degradation and encroachment,<sup>15</sup> in complement to incentives for uplift. In this regard, Aotearoa New Zealand's proposed approach is notable. The country is presently conducting discussion on a biodiversity credit system (BCS) that would complement its National Policy Statement for Indigenous Biodiversity<sup>16</sup> by recognising landholders who both protect and restore nature. Furthermore, the costs of combatting decrease can be high and a focus on net-positive impacts only arguably disproportionately places the burden of biodiversity protection on Indigenous communities, while not placing the same expectations on others, and disproportionately rewarding already-degraded areas.

---

<sup>13</sup> A formal definition of which is under development within BCA's Definitions Working Group.

<sup>14</sup> Adapted from (1) Ducros, A. and Steele, P. (2022). Biocredits to finance nature and people: emerging lessons. IIED, London; and (2) BCA's Working Group 1 issue paper on unit definition and typology of biodiversity credits (in progress as of July 2023).

<sup>15</sup> Note the campaign 'Amazonia for Life 80% by 2025', led by the Coordinator of Indigenous Organizations of the Amazon River Basin (COICA). Quintanilla, Marlene, Alicia Guzmán León, Carmen Josse. (2022). The Amazon against the clock: a Regional Assessment on Where and How to protect 80% by 2025. Notably the Regional Assessment establishes Key Priority Areas: Intactness, low degradation, high degradation and transformation.

<sup>16</sup> National Policy Statement for Indigenous Biodiversity.

The concept of a market for biodiversity credits has long been discussed and examples have been developed,<sup>17</sup> but it received a major boost by its mention in Target 19 of the Global Biodiversity Framework in December 2022. While as much as 80% of the world's biodiversity is found in the lands and territories of Indigenous Peoples, Ducros and Steele (2022)<sup>18</sup> reviewed challenges in ensuring that biodiversity finance flows to the local level to support locally-led action that respects the rights and needs of IPs and LCs. They highlight research<sup>19</sup> on the high transaction costs and historic power imbalances, compounded by lack of transparency in how finance is flowing, and weak and inequitable governance systems,<sup>20</sup> as well as challenges ensuring that schemes do not deepen local inequalities or affect livelihoods in unforeseen ways, as barriers to nature finance reaching the local level.<sup>21</sup> BCA Forum members shared experiences of how little finance often actually reaches people on the ground, and that project costs are consumed by costs such as Monitoring, Reporting and Verification (MRV), certification, registry / standard costs and buffers, and project developers, brokers and registry operators. A BCA Forum member noted that “it can happen that [only] <10% of project finance goes to Indigenous Peoples and Local Communities ... in other words, there is the issue of ‘scaling down’ biodiversity finance to lower barriers to entry for smallholders.” The World Economic Forum (WEF) emphasises the role of IPs and LCs as knowledge-holders and stewards of nature for 75% of the 847 terrestrial ecoregions, and suggests that biodiversity credit markets should firstly focus on the delivery of equity.<sup>22</sup>

---

<sup>17</sup> The World Economic Forum (WEF) has identified Cusco Cloud Forest National Park credits in Honduras, the Wilderlands program in Australia and the Boreal Forest Ecosystem Biodiversity Credits in Sweden as key examples. South Africa's ValueNature will bring three biodiversity credit projects to market in 2023. Ducros and Steele (2022) also suggest Terrasos in Colombia and Wallacea Trust projects around the world as working examples.

<sup>18</sup> Ibid.

<sup>19</sup> Lambooy, T. and Levashova, Y. (2011). Opportunities and Challenges for Private Sector Entrepreneurship and Investment in Biodiversity, Ecosystem Services and Nature Conservation. *International Journal of Biodiversity Science, Ecosystem Services & Management* 7 (4) 301–318. Wunder, S. (2006). The Efficiency of Payments for Environmental Services in Tropical Conservation. *Conservation Biology* 2 (10) 48–58. Alvarado-Quesada, I., Hein, L. and Weikard, H.P. (2014). Market-based mechanisms for biodiversity conservation: a review of existing schemes and an outline for a global mechanism. *Biodiversity and Conservation* 23, 1–21. See also IIED work on [money where it matters](#).

<sup>20</sup> Linked to adaptation finance, see also Colenbrander, S., Dodman, D., & Mitlin, D. (2018). Using climate finance to advance climate justice: the politics and practice of channelling resources to the local level. *Climate Policy*, 18(7), 902–915. Brunner, S., & Enting, K. (2014). Climate finance: A transaction cost perspective on the structure of state-to-state transfers. *Global Environmental Change*, 27, 138–143.

<sup>21</sup> See also Dempsey, J. & Suarez, D.C. (2016). Arrested development? The promises and paradoxes of “selling nature to save it”. *Annals of the American Association of Geographers* 106. Publisher: Taylor & Francis, 653–671. issn: 2469–4452.

<sup>22</sup> World Economic Forum (WEF). (2023). [Biodiversity credits: markets integrity and governance principles consultation](#). Citing: WWF et al. (2021).



According to certain predictions, the market for biodiversity credits could grow quickly: the Inevitable Policy Response (IPR) Forecast Policy Scenario + Nature (FPS+N)<sup>23</sup> suggests that biodiversity credit markets could reach USD 2–8 billion by 2030 then USD 18–43 billion by 2050.<sup>24</sup> Since December 2022, there has been rapid momentum with the shift of “if” this is an appropriate financing mechanism for nature to “how” it can be effectively directed to support IPs and LCs as nature stewards, and avoid the issues challenging the integrity of the voluntary carbon market. A major report drafted by the International Institute for Environment and Development (IIED) on behalf of the Global Environment Facility (GEF), partners, eminent persons and experts for the One Forest Summit in March 2023<sup>25</sup> concurred that strong governance by and engagement of IPs and LCs as both proponents and beneficiaries of biodiversity credit markets was essential.

At the same time, there is a growing backlash to market-based solutions for biodiversity loss, and particularly where IPs and LCs are presented with new or acute risks. Kedward et al. (2022)<sup>26</sup> for example caution against the reliance on market-based solutions for combatting biodiversity loss. In relation to many contexts within the Global South, notably where land tenure is uncertain or governance lacks transparency, they highlight how nature-related asset classes may come to reinforce rather than alleviate structural inequalities. Given wide-spread suspicion towards leveraging capitalism to protect nature, when it is often perceived as the cause of its destruction, there are moral concerns and critiques over monetising and commodifying nature through market-based models. There have therefore been calls to develop new public finance approaches to support and incentivise conservation action. Conservation Basic Income (CBI) has recently been proposed as a means of combining the environmental aims of market-based instruments with the positive social impacts of cash transfer programmes.<sup>27</sup> CBI can also for example be used in a supplementary way with biodiversity credits, as proposed in Aotearoa New Zealand.<sup>28</sup>

---

<sup>23</sup> Principles for Responsible Investments (PRI). (2022). Inevitable policy response forecast policy scenario—Nature.

<sup>24</sup> At the time when these predictions were made, they might have been made with limited understanding of the complexities connected to reducing nature to a single unit, and to the fungibility of resulting diversity of approaches, as well as to the “claims” problem, i.e. the fact that VBCs are a niche product and can only be used in some cases but not as replacement of mitigation hierarchy (as per SBTN). Predictions at the earliest stages in a “frontier” market that is developing rapidly should therefore be read with due caution.

<sup>25</sup> Global Environment Facility (GEF). (2023). Innovative finance for nature and people.

<sup>26</sup> Kedward, K., zu Ermgassen, S.O.S.E., Ryan-Collins, J., & Wunder, S. (2022). Nature as an asset class or public good? The economic case for increased public investment to achieve biodiversity targets. SSRN.

<sup>27</sup> Sheehan, H., & Ortega, S. (2023). Is conservation basic income a good idea? A scoping study of the views of conservation professionals on cash giving programmes. Biological Conservation, 279.

<sup>28</sup> Ministry for the Environment and Department of Conservation, Aotearoa New Zealand (2023). Helping nature and people thrive – Exploring a biodiversity credit system for Aotearoa New Zealand.

Ducros and Steele (2022) emphasise the importance of engaging IPs and LCs at every stage of decision making and point to the eight Principles for Locally Led Adaptation<sup>29</sup> as a useful tool to guide buyers and sellers on how locally-led action can be implemented within the context of biodiversity credits. Many design elements of this new market are undecided or emerging but the essential importance of IPs and LCs as leading actors is unquestionable.

## Who are IPs and LCs?

IPs and LCs are vital custodians and administrators of the world's landscapes: at least 32%, or 43.5 million km<sup>2</sup>, of global land and associated inland waters is owned or governed by IPs and LCs, either through legal or customarily-held means.<sup>30</sup> It is increasingly common for investors to hear of the importance of IPs and LCs linked to biodiversity, but who are these communities and what is the difference between these terms?

The diversity of cultures, peoples, and their connections to landscapes and seascapes across the world is extensive. The term “Indigenous Peoples and Local Communities” (IPs and LCs) has been used as a collective term in the international policy arena, including the Convention on Biological Diversity (CBD) text, for years to advocate for the underrepresentation of certain groups in their contributions to global conservation and cultural persistence. Indigenous Peoples are however calling on the CBD<sup>31</sup> and others to clarify more fully that IPs and LCs are distinct: Indigenous Peoples are inheritors and practitioners of unique cultures and ways of relating to people and the environment. They have retained social, cultural, economic and political characteristics that are distinct from those of the dominant societies in which they live.<sup>32</sup> Indigenous Peoples' specific rights are recognised by a broad body of international law and instruments, and are most clearly articulated in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) which is reflective of international law.<sup>33</sup>

---

<sup>29</sup> Soanes, K., et al. (2021). Principles for locally led adaptation: A call to action. IIED, London.

<sup>30</sup> WWF, UNEP—WCMC, SGP/ICCA-GSI, et al. (2021). Ibid.

<sup>31</sup> See e.g. CBD COP 15 Decision 15/21 Recommendations from the United Nations Permanent Forum on Indigenous Issues to the Convention on Biological Diversity.

<sup>32</sup> See e.g. UN DESA.

<sup>33</sup> United Nations Department of Economic and Social Affairs (UN DESA). (2007). United Nations Declaration on the Rights of Indigenous Peoples.

This view is affirmed by the Expert Mechanism on the Rights of Indigenous Peoples.<sup>34</sup> This is one of the three main mechanisms or bodies that are mandated to deal specifically with Indigenous Peoples' issues. The three are:

---

**1** **The United Nations Permanent Forum on Indigenous Issues (UNPFII)**, a high-level advisory body to the Economic and Social Council. UNPFII works via the world's socio-cultural regions of Indigenous Peoples, namely: Africa; the Arctic; Asia; Central and South America and the Caribbean; Eastern Europe, Russian Federation, Central Asia and Transcaucasia; North America; and the Pacific.

---

**2** **The Expert Mechanism on the Rights of Indigenous Peoples**, which provides the Human Rights Council with expertise and advice on the rights of Indigenous Peoples.

---

**3** **The Special Rapporteur on the rights of Indigenous Peoples**, who promotes good practices, including new laws, government programs, and constructive agreements between Indigenous Peoples and states, to implement international standards concerning the rights of Indigenous Peoples; reports on the overall human rights situations of Indigenous Peoples in selected countries; addresses specific cases of alleged violations of the rights of Indigenous Peoples through communications with governments and others; and conducts or contributes to thematic studies on topics of special importance regarding the promotion and protection of the rights of Indigenous Peoples.

---

"Local Communities" refer broadly to communities that, albeit having unique ways of relating to people and the environment in their locale, do not have all the characteristics that would identify them as Indigenous Peoples. There can be nuance and variation, for example International Labour Organization (ILO) Convention 169 applies to "indigenous and tribal peoples". While in general Local Communities have less specific recognition in international law, the United Nations' Declaration on the Rights of Peasants (UNDROP), adopted in 2018, is increasing awareness of Local Communities' specific rights.<sup>35</sup> It is important to distinguish between rights holders.

---

<sup>34</sup> See [Ten years of the implementation of the United Nations Declaration on the Rights of Indigenous Peoples: Good practices and lessons learned — 2007-2017 - Report of the Expert Mechanism on the Rights of Indigenous Peoples](#), para 9–10.

<sup>35</sup> Building from e.g. Indigenous and Tribal Peoples Convention, 1989, an International Labour Organization Convention, also known as ILO Convention 169, or C169. It is the major binding international convention concerning Indigenous Peoples and Tribal Peoples, and was a forerunner of UNDRIP.



For example, Indigenous Peoples' collective rights to their traditional lands are based on their customary laws<sup>36</sup> and serve to protect their right to a cultural identity, which is closely linked to their territories, and are thus inalienable.<sup>37</sup> A local community may have such customary laws or cultural identity associated with traditionally owned or used lands; nonetheless, their individual rights must be respected.<sup>38</sup> Equally, Indigenous Peoples (but also Local Communities in some cases) may believe that land cannot or should not be owned at all, and/or should have boundaries that present new challenges for defining legal tenure arrangements.

For the purpose of this paper, we are using the term "IPs and LCs" to acknowledge the important differences between these entities where relevant, and "communities" where it's not possible to distinguish.<sup>39</sup> As well as self-identification, a broad differentiator is also whether the communities are rights holders in the territory or not. For example, amongst IPs and LCs in some jurisdictions, Indigenous Peoples will have specific legal rights over and above the general community—especially with regard to resource management decisions (and not just with regard to their own land).

IPs and LCs may also be environmental defenders, defined by UNEP as "individuals and groups who, in their personal or professional capacity and in a peaceful manner, strive to protect and promote human rights relating to the environment, including water, air, land, flora and fauna."<sup>40</sup> Environmental defenders remain highly vulnerable and under attack across the globe. According to Global Witness, at least three people a week are killed protecting environmental rights, while many more are harassed, intimidated, criminalised and forced from their territories.<sup>41</sup> The world's first Special Rapporteur on Environmental Defenders has also been appointed under the umbrella of the Aarhus Convention, with legally binding tools to stop aggression against environmental activists.<sup>42</sup>

---

<sup>36</sup> [Committee on the Elimination of Racial Discrimination \(2022\)](#). CERD/C/106/D/61/2017: Opinion adopted by the Committee under article 14 of the Convention, concerning communication No. 61/2017, para. 4.7.

<sup>37</sup> Human Rights Committee. (2022). CCPR/C/132/D/2552/2015: Views adopted by the Committee under article 5 (4) of the Optional Protocol, concerning communication No. 2552/2015, para. 8.4.

<sup>38</sup> See [Box 2](#).

<sup>39</sup> Some argue for the term "Indigenous Peoples and Local Communities" to remain in the international context as an important approach for estimating the spatial metrics of community-led conservation at the international scale and marking the value of self-determination to ensure these areas remain protected. WWF, UNEP-WCMC, SGP/ICCA-GSI, et al. (2021). Ibid. Others are concerned that the broad term IPLC could undermine the international laws that have been put in place to recognise rights and thus support those groups.

<sup>40</sup> See e.g. [Environmental Rule of Law: First Global Report](#).

<sup>41</sup> See e.g. [UNECE World's first Special Rapporteur on environmental defenders elected under the Aarhus Convention](#).

<sup>42</sup> Reminder that the paper is aimed primarily at external investors as they will have different circumstances than investors from the local community including Indigenous Peoples and Local Communities themselves.

## Context of and rationale for this discussion paper

---

The Biodiversity Credit Alliance has commissioned this paper to unpack the topic of IPs and LCs in the biodiversity credit market—initially for the purpose of making (external) investors aware of the forthcoming work of the Community Advisory Panel and its importance. Investors<sup>43</sup> should be more aware of the important role of IPs and LCs in nature and biodiversity, and by extension in biodiversity credit markets. It is understood that nature-stewarding IPs and LCs should be key beneficiaries of proceeds generated by the sale of biodiversity credits,<sup>44</sup> and as far as possible should be leading both the development of the market and individual projects within it, which would include equity ownership. It is therefore critically important that BCA develop its principles and products in collaboration with IPs and LCs with full respect of their rights and knowledge, and that investors are aware of and ready to implement the resulting BCA principles and guidelines.

This discussion paper is timely because of the current and increasingly high interest in biodiversity credits, coupled with historic and ongoing, evident shortcomings of how investors have engaged with IPs and LCs, especially in the carbon market. In the definition of this market, various worldviews are at play. There are essentially two overarching arguments for investors to engage fairly with IPs and LCs in the biodiversity credit market: justice / morals and business case / risk reduction. They are both valid and interconnected but the paper focuses on the latter in terms of a business case for investors. The alternative of business as usual on IPs and LCs engagement in nature finance is that the market accelerates with high likelihood of eventual failure due to:



### Exposure to risks for investors

Unrealised returns; inadequate institutional arrangements for carbon and nature market transactions; weak stewardship agreements; inappropriate Key Performance Indicators (KPIs); non-delivery of KPIs; conflict with local stakeholders; reputational risks; loss of broader confidence in carbon and nature markets, and/or the investor with its clients. Additional risks may result from legal claims, increased losses, insufficiency of funds for payouts, and/or underperformance of the investment portfolio. Investors should expect rising regulatory pressure to ensure minimum standards for community benefits in nature- and climate-related markets.

---

<sup>43</sup> Reminder that the paper is aimed primarily at external investors as they will have different circumstances than investors from the local community including Indigenous Peoples and Local Communities themselves.

<sup>44</sup> The percentage of benefits will depend on the agreement reached between parties to the transaction and regulators. In some cases such as Zimbabwe there will be domestic law to comply with, while in other cases voluntary guidance could provide benchmarks. Plan Vivo for example ensures that at least 60% of the finance generated through the sale of credits returns directly to Indigenous Peoples and Local Communities—this is certified via the Plan Vivo Standard. An example at project level is ACORN, which guarantees 80% of revenues of carbon agro-forestry proceeds go back to Local Communities.



## Risks to communities

Loss of access and rights to land and resources; physical or economical resettlement; loss of cultural and symbolic value; damage to resource base; loss of livelihoods and income; elite capture and reduced social cohesion; conflict including violence and loss of life e.g. by environmental defenders.<sup>45</sup>

---



## Ecosystem functioning risks

Damage to ecosystems and loss of ecosystem services; loss of intrinsic values and traditional stewardship practices that sustain biodiversity; foregone opportunity of nature.

---



## Systemic risk

It is increasingly recognised that exceeding planetary boundaries, including the loss of nature and its genetic diversity and degradation of ecosystems poses a serious systemic risk for the global economy, including dramatic effects on the food chain and ecological dynamics.<sup>46</sup> A credible recent estimate by PwC<sup>47</sup> estimates that 55% of the world's GDP—equivalent to US \$58 trillion—is exposed to material nature risk without immediate action. These figures have increased since WEF's estimate of US \$44 trillion in 2020, while others have argued that the figure is effectively 100%. Social and economic inequality, in addition to environmental risks, also represent systemic risk.<sup>48</sup>

---

<sup>45</sup> It is increasingly recognised that the recognition and protection of Indigenous Peoples' rights is one of the most effective ways of protecting nature. See e.g. Amazon Watch (2023), Ibid. Investors concerned with nature-positive impact should be equally concerned with Indigenous Peoples' & Local Communities' rights.

<sup>46</sup> Chenet, A. (2019). *Planetary Health and the Financial System*. Oxford: University of Oxford.

<sup>47</sup> PwC. (2023). *PwC boosts global nature and biodiversity capabilities*.

<sup>48</sup> See e.g. *Inequality has become an investor priority - How human rights advocates can respond*.





## Why a risk lens?

---

This discussion paper is aimed at (external) investors and employs the business case that engaging on fair terms with IPs and LCs supports sound risk identification, management and mitigation in biodiversity credit markets. The rationale for this approach is that effectively all financial institutions (FIs) and corporate investors have some form of risk management, as one of the most routine decision-making protocols. All investors are practiced in protecting the value of their firms by identifying, managing and mitigating risks, and most of them also have environmental and social (E&S) risk teams who convert these topics into financial terms for the business. A large number of investors (again this includes corporates and other entities) are also making commitments and building capacity to deliver positive impact, but this is not universal. The discussion paper asserts that even those investors who have not presently made commitments to nature-positive impacts should respect and actively engage IPs and LCs wherever they engage in nature-related finance, as a business imperative.

## Methods and validation

---

The discussion paper has evolved from a number of sources including applied, mixed methods research conducted during 2022–2023. This has involved a narrative literature review and quantitative questionnaire<sup>49</sup> followed up with qualitative interviews, then focused consultation with experts through the Task Force of the Biodiversity Credit Alliance<sup>50</sup> on a draft paper to validate and approve the final discussion paper. The drafting, review and approval process has followed BCA publishing protocol.<sup>51</sup> This discussion paper does NOT pre-empt BCA's Communities Advisory Panel's outputs but intends to build awareness amongst (external) investors of their need and importance.

---

<sup>49</sup> UNEP FI. (2022). *A Typology of Risks to Increase Investment in Indigenous and Community-led Landscapes*.

<sup>50</sup> The 18 members of the Taskforce are listed here <https://www.biodiversitycreditalliance.org> and are composed of: biodiversity credit methodology developers; biodiversity standard-setters; and academic and research institutions working on the subject of biodiversity quantification for market transactions.

<sup>51</sup> Available on request from the BCA Secretariat.

---

## Part 1

# Current State

This section reviews the current state of the emerging biodiversity credit market as it relates to Indigenous Peoples and Local Communities.

## The investor imperative to align finance to the GBF and engage with nature's stewards

---

Investors are being asked to align their finance with GBF goals and targets by financing projects and initiatives that support the conservation and sustainable use of biodiversity, while also respecting the rights and knowledge of IPs and LCs. This has wide relevance for their implementation of GBF commitments for example via portfolio-wide commitments such as (in the case of financial institutions) through the Principles for Responsible Banking and/or the Finance for Biodiversity Pledge. All GBF goals and targets have links to IPs and LCs and should be seen as underpinned by human rights-based approaches, including effective participation and Free, Prior, and Informed Consent (FPIC). (Guidelines often focus on how to achieve/obtain consent, without addressing how to ensure effective participation in decision-making.) Successful achievement of the well-known 30×30 targets (2 and 3) will mean that targets 20 on traditional knowledge and 21 on participation are also reached, for example.<sup>52</sup> With the indivisible GBF targets, global conservation policy has moved away from narratives about poor, resource-dependent rural communities and embraced the opportunities that local knowledge and traditional and/or indigenous institutions bring for effective conservation.<sup>53</sup>

In general terms, investors should be prepared to work more closely with IPs and LCs to ensure that their traditional knowledge and practices, and objectives are incorporated into conservation and restoration projects, and consider how they can lend, invest (e.g. through purchase of biodiversity credits) or insure in new ways to support the creation and management of Indigenous and Community Conserved Areas (ICCAs).

---

<sup>52</sup> Lo, V. & Jang, N. (2022). *Global biodiversity framework: The 30×30 target*.

<sup>53</sup> Dawson, N.M., Coolsaet, B., Sterling, E., & Loveridge, R. (2021). The role of Indigenous peoples and local communities in effective and equitable conservation. *Ecology and Society*, 26(3).

## Nature finance: how much reaches nature's stewards?

---

Communities have been noted to manage biodiversity on par with or more effectively than state protected areas, even when conservation is not the primary purpose,<sup>54</sup> and had lower rates of deforestation compared to state protected areas.<sup>55</sup> A World Resources Institute brief<sup>56</sup> provides key insights into the value of community lands for biodiversity, emphasising that communities sustainably manage their territories in ways that align with, and often actively support, biodiversity. Emerging evidence<sup>57</sup> reinforces that community-managed land, inland waters, coast and seascapes contain more species, as communities often combine wild and domesticated species in their food systems, creating highly diverse ecosystems.

Communities also steward biodiversity in many of the world's remaining natural landscapes, which are critical for biodiversity. In the Amazon region, for example, community lands in Suriname, Guyana, French Guiana, Brazil, Colombia, Ecuador and Venezuela have the highest forest biodiversity intactness of anywhere in the world—representing the top 10 percent of undisturbed forest ecosystems.<sup>58</sup>

The presence of IPs and LCs in a particular geography does not itself imply consistent and homogenous conservation outcomes. Nor can it be deduced that, by default, state protected areas consistently underperform compared to areas where IPs and LCs are present in terms of biodiversity conservation outcomes; the relationship is more nuanced. However, IPs' and LCs' efforts as stewards of biodiversity are increasingly being met with significant and increasing risks to life and livelihood as well as growing financial costs associated with defending their rights. For example, environmental defenders face accelerating violence, political repression, deforestation and degradation pressures from fires, agricultural interests, logging, mining, land grabbing, and other illegal activities on Indigenous and other forest communities' lands.<sup>59</sup>

---

<sup>54</sup> Sze, J. (2023). [Quantifying conservation outcomes in Indigenous peoples' lands across the tropics](#).

<sup>55</sup> Schuster, R., Germain, R.R., Bennett, J.R., Reo, N.J., & Arcese, P. (2019). Vertebrate biodiversity on Indigenous-managed lands in Australia, Brazil, and Canada equals that in protected areas. *Environmental Science & Policy*, 101, 1–6.; Corrigan, C., Bingham, H., Shi, Y., Lewis, E., Chauvenet, A., & Kingston, N. (2018). Quantifying the contribution to biodiversity conservation of protected areas governed by Indigenous peoples and local communities. *Biological Conservation*, 227, 403–412.; Finer, M., Mamani, N. (2023). [Protected areas & Indigenous territories effective against deforestation across Amazon](#). MAAP: 176.

<sup>56</sup> Veit & Reytar (2021), [citing IPBES 2019 and others](#).

<sup>57</sup> For example Qin, Y., Xiao, X., Liu, F. et al. [Forest conservation in Indigenous territories and protected areas in the Brazilian Amazon](#). *Nat Sustain* 6, 295–305 (2023). See also WWF et al (2021).

<sup>58</sup> Veit & Reytar (2021), *Ibid*. See also: [FAO Forest governance by indigenous and tribal peoples. An opportunity for climate action in Latin America and the Caribbean](#).

<sup>59</sup> Forest Trends. (2021). [New global partnership opens door for Indigenous people, traditional owners, and local communities to directly benefit from private climate finance](#).

It is therefore widely acknowledged that attainment of the Kunming-Montreal Global Biodiversity Framework goals and targets will not be possible without the full inclusion of IPs' and LCs' rights as well as participation in decision-making processes and financial flows related to nature. Yet IPs and LCs currently access just a fraction of the financial flows linked to nature-related markets. IPs and LCs face several challenges to accessing investor capital for conservation, including lack of appropriate legal frameworks to recognise land rights, weak governance, exclusion, and lack of capacity for community-led monitoring and enforcement. Together these represent a mix of real and perceived barriers and risks to investors, including financial, social and environmental risks. Unique risks specific to private investment in community-led conservation and particularly non-freehold / non-state land have already been identified, including land tenure types that are unfamiliar to most investors but widely used in conservation practice.<sup>60</sup>

A concern frequently raised by IPs and LCs is the proportion of funds from a project that go to intermediaries, while project developers will equally list many transaction costs that they face including MRV and registry access (mentioned earlier). Though widely remarked in the case of climate funding,<sup>61</sup> concerns around how little funding is being divided and who should get what proportion remain unsolved for biodiversity credits. Some standards (such as Plan Vivo mentioned earlier) specify a minimum floor of the financial flows from a project that must reach communities, in other cases country policies are stepping in to provide these instructions. An adjacent issue is that IPs and LCs often lack representation on governance boards of funds that are specifically designed to reach them, leading to a cycle of marginalisation on decision-making and access to finance.<sup>62</sup>

## Risk identification, management and mitigation

---

As introduced, there is a business case for (external) investors to engage more fully with IPs and LCs on biodiversity credit projects. The below outlines key considerations from a risk perspective, wherein closer engagement with IPs and LCs at multiple levels serves to de-risk a project in the biodiversity credit space. Environmental risks, social risks, financial risks and other risks including indirect and systemic risks are covered. In general terms, these are material risks i.e. “outside-in” risks but impact risks or “inside-out” risks,<sup>63</sup> are also mentioned as they can eventually become material if or when they result in harm.

---

<sup>60</sup> See e.g. Smith J., Samuelson M., Libanda B.M., Roe D., Alhassan L. (2022). Getting Blended Finance to Where It's Needed: The Case of CBNRM Enterprises in Southern Africa. *Land* 11(5):637.

<sup>61</sup> See e.g. Gjefsen, T. (2021). [Indigenous people get less than 1% of climate funding? It's actually worse \(commentary\)](#); and Nelson, F. (2021). [Better Climate Funding Means Centering Local and Indigenous Communities](#).

<sup>62</sup> Degawan, M. et al (2022). [Indigenous Peoples, local communities underrepresented in governance of nature funding](#).

<sup>63</sup> Materiality and concepts linked to double materiality are extensively debated in sustainable finance, particularly in the context of disclosures, but fall outside the scope of this paper. The paper focuses mainly on material risks for investors.



## Environmental risks and mitigations

---

If communities are not engaged from the earliest conception and design phase and/or projects do not ensure FPIC, this may increase the risk of environmental damages resulting from the project. Engaging communities early, throughout the project, and on even terms mitigates most forms of environmental risk to the project. (Community engagement at early design stages should also include a clear benefit sharing mechanism, to give incentives and to avoid conveying false expectations which could be very detrimental to project objectives—see later recommendation on stakeholder engagement). In more detail, the taxonomy of environmental risks is provided in Table 2 on the following page, along with suggested mitigation approaches.





Table 2. Taxonomy of environmental risks for nature market-related projects and their associated mitigation strategies.

Environmental Risks			Mitigation approaches
<b>Measurement risk</b>		Inaccurate impact measurement, too expensive measurement, inadequate indicator for the kind of objective sought, or combination of these <sup>64</sup>	Engage IPs and LCs in definition and measurement and monitoring of ecosystems, and environmental drivers of change, as well as ecosystem services and benefits derived from projects  Respect traditional knowledge (TK) and traditional monitoring methods/intervals, e.g. seasonality
<b>Impact risk</b>  Can involve both overstating/overestimating target impact indicator at the design phase and/or risk of underachievement of the target indicator because of failure to incorporate IPs and LCs incl. TK, also “inside out” in materiality terms	<b>Climate risk</b>	<b>Emissions risk</b>  Ecological change, tipping points risk	Local knowledge about efficient practices, renewable energy sources, energy alternatives  Traditional and local knowledge about ecology and threatening practices, cumulative impacts
	<b>Biodiversity and ecosystem services risk</b>	<b>Biological processes/ damage to ecosystems risk</b>  Esp. if expected activities do not respect local sustainable resource use patterns	Respect IPs and LCs-led planning and management regimes for resource use, guidance on appropriate changes
		<b>Invasive species risk</b>  Esp. if TK is not respected	Respect local TK (incl. regarding indigenous species)
		<b>Illegal activities, poaching risk</b>  Esp. if IPs and LCs are not brought into the stewardship agreements/contracts	IPs and LCs-led anti-poaching and enforcement teams  Clarification and agreement on the benefit sharing mechanism
		<b>Unsustainable (legal) resource use risk</b>  Esp. if income is foregone, not sufficient or contracts end, leaving IPs and LCs without income  Can also be linked to governance in the community/ies involved	Engage IPs and LCs in defining acceptable and unacceptable resource use  Strengthened governance, a part of which will include re-establishment, communication and monitoring of Indigenous Peoples’ rules and regulations on resource use
		<b>Zoonoses risk</b>  May link to bushmeat, and/or increased contact between vulnerable human population and wildlife in areas undergoing environmental degradation, or other factors <sup>65</sup>	Respect TK regarding appropriate thresholds and diversity of genes, species and habitats

<sup>64</sup> An example may be if those not resident in the area are those leading and/or delivering key measurements, leading to e.g. high costs, potential alienation of Indigenous Peoples and/or Local Communities.

<sup>65</sup> Winck, G.R., Raimundo, R.L.G., Fernandes-Ferreira, H., Bueno, M.G., et al. (2022). Socioecological vulnerability and the risk of zoonotic disease emergence in Brazil. *Science Advances*.

Environmental Risks		Mitigation approaches
Impact risk (contd.)	<b>Pollution risk</b> Defined in IFC PS3	<p>Rely on IPs and LCs to define and enforce appropriate activities including exclusions of harmful potential pollutants or effluents—this is not only a responsibility but should be a wholly collaborative effort through a well designed stakeholder engagement process, which would include support from investors and project proponents as applicable</p> <p>Promote energy efficiency, use resources—including energy and water—sustainably, and reduce GHG emissions through the project</p>
“Trojan horse” risk	That biodiversity-related projects are used as a means to legitimise and/or gain unreasonable license or support for extractive or damaging activities in areas of high biodiversity— this has been mentioned in relation to the Amazon specifically <sup>66</sup>	Investors engage with IPs and LCs to better understand whether the project ultimately will act as an enabler of environmental risk or protect against it

<sup>66</sup> See e.g. Amazon Watch (2022). [A leaf out of an old book](#).





## Financial risks and mitigations

---

Financial risks are present in all investments, and the identification, management, mitigation and transfer of risks through insurance, guarantees and other mechanisms are familiar to all investors. The below table lists financial risks specific to nature-related investments, and presents mitigation approaches presupposing engagement of Indigenous Peoples and Local Communities.





Table 3. Taxonomy of financial risks for nature market-related projects and their associated mitigation strategies.

Financial Risks (project-level)		Mitigation approaches
<b>Measurement risk</b>	<p>The chance of incurring losses due to factors that affect overall performance of a market</p> <p>Unsystematic, i.e., unique to the specific locale of investment</p>	Strong relationship with IPs and LCs in the local area will help identify possible unique risks
<b>Enterprise / operational risk</b>	<b>Volatility (of underlying asset) risk</b>	Co-investment by communities with external investors
	Linked to variability of natural asset	Strong links to local residents to manage and troubleshoot, strong local buy-in
	<b>Community support (loss of) risk</b>	Appropriate project design and operations vis-a-vis local conditions
	<b>Corruption, fraud risk</b>	
	<b>Human-wildlife conflict risk</b>	
	May lead to financial damages (impacts also listed under social risks)	
	<b>Location-related (remoteness, infrastructure) risk</b>	
<b>Regulatory risk</b>	<b>Conservation activity (error, damage) risk</b>	Clear ownership of projects and financial/non-financial benefits can help mitigate potential regulatory risks
	<b>Maintenance (systems, equipment, reporting) risk</b>	
	E.g., bush planes used for surveillance not maintained, creating liability	
<b>Liability risk</b>	Resulting from the mismanagement of physical and transition risks for climate and/or biodiversity, and may materialise in litigation, fines, insurance costs, or reputational damage	Foreseeing and responsibly addressing these risks with IPs and LCs provides an avenue to translate them into business opportunities, e.g. using local transportation such as traditional boats instead of 4x4s or planes can save costs while reducing GHG emissions
<b>Leakage and non-permanence risks</b>	<ul style="list-style-type: none"> <li>• “Activity shifting leakage” for carbon happens when forest conserved in one area of a country leads to deforestation or degradation in another area</li> <li>• “Market leakage” may occur when mitigation policies have an effect on commodity prices, driving changes in investment patterns, potentially towards high emissions activities</li> <li>• Non-permanence in carbon crediting, refers to the risk that emission removals by afforestation or reforestation carbon offset projects are reversed because forests are cut down or destroyed by natural disaster</li> </ul>	<p>Projects need to be designed with a local perspective to identify, mitigate and manage these risks<sup>68</sup></p> <p>Use of lessons learnt from carbon projects</p>

<sup>67</sup> Zimbabwe recently surprised the carbon market by declaring existing credits null and void and that future credits would be taxed at 50%. It updated the announcement to state that projects could be reinstated if they comply with new requirements, and modified the levy to 30% of proceeds for the initial decade of project operation. Developers are also required to invest a quarter of their earnings into community projects. Other Global South countries have announced or planned to announce similar policies, for example Tanzania and Papua New Guinea

<sup>68</sup> See also: [Plan Vivo's Biodiversity Standard](#).

## Social risks and mitigations

---

If all groups within IPs and LCs are not engaged in a (gender-, age- and otherwise) inclusive and meaningful way from an early point in time, and project terms do not ensure FPIC, this may increase the risk of social conflict, community division, territorial conflicts, economic displacement and hardship, loss of traditional and cultural knowledge, aggravation of existing inequalities (e.g. through exclusion of the most vulnerable, marginalised, or unequal opportunities for men and women), and opposition to the project. Engagement gone wrong and projects that do not deliver on their promises can result in a loss of trust, stakeholder fatigue and disinterest in any further interaction with external actors in the future, with the re-establishment of a relationship of trust likely requiring years of careful interaction to re-create enabling conditions for collaboration. Meaningful engagement of communities throughout project design, planning and implementation, and on even terms can mitigate most forms of social risk to the project.

In more detail, the taxonomy of social risks is provided on the following page, with suggested mitigation approaches also noted.





Table 4. Taxonomy of social risks for nature market-related projects and their associated mitigation strategies.

Social Risks <sup>69</sup>			Mitigation approaches - incl. formal engagement through all stages
<b>Measurement risk (social aspects)</b>			Engage IPs and LCs in definition and measurement, and monitoring of social indicators, including financial benefits, jobs and/or livelihoods as relevant
<b>Impact risk (social aspects)</b>	<b>Governance-related risk</b>	<b>Loss of social license to operate</b> In addition to community support (loss of) risk, the lack of support of one community may have ripple effects to other communities or the entire market  Can also be linked to unmitigated human-wildlife conflict or other untenable circumstances caused by or associated with the project	Engage IPs and LCs to define the project and its terms; and act together in project governance to address issues before they lead to conflict  Together with IPs and LCs, design and implement measures to minimise and manage HWC (incl. compensation, as appropriate)  Grievance redress mechanism available to all community members
		<b>Equity, equality, power and influence-related risk</b>  I.e. when individuals or groups are abused and/or otherwise used inappropriately to disenfranchise or discriminate	Engage IPs and LCs in defining governance arrangements of the project, recognising that there may be competing groups
		<b>Human rights, voice, dignity-related risk</b>  Defined in UNGPs and UNDRIP  When communities' human rights are infringed, the project leads to losing voice or dignity	Engagement with IPs and LCs on fair terms and especially as project proponents  Ensure FPIC is sought
		<b>Gender-related risk</b>  I.e. when gender is managed inappropriately within the project and/or leads to negative impacts for women	Traditional gender norms are appropriately considered within the planning and implementation of the project; the project does not disenfranchise any gender and ideally supports empowerment of women in a locally-appropriate manner
		<b>Land acquisition and resettlement, tenure-related, land/resource claims-related risk</b>  Defined in IFC PS5  Involuntary resettlement (physical displacement) and restrictions of access to land and/or resources of importance to the subsistence livelihoods (economic displacement) or culture and tradition of IPs and LCs	Projects must determine all land and resource-related claims by IPs and LCs, prioritising Indigenous Peoples per rights defined in UNDRIP  Must avoid both physical and involuntary resettlement (ref UNDRIP Article 10); voluntary resettlement may occur for example to restitute traditional or historical land rights per safeguards and locally applicable laws, etc.  Special use agreements or IGAs to compensate for access and use restrictions are needed to address impacts on livelihoods and culture; any of such agreements will need to be done through an FPIC process

<sup>69</sup> IFC. (2012). [Performance standards](#).

<b>Governance-related risk (contd.)</b>	<b>Lack of or insufficient/inappropriate FPIC related risk</b> Defined in IFC PS7 yet subject to challenges in operationalisation, and with power struggles between competing interests and worldviews <sup>70</sup> <u>Mo' otz Kuxtal Guidelines</u> <u>FAO Manual on FPIC</u> Challenged where FPIC conflicts with national laws <sup>71</sup>	Must be fully applied, recognising UNDRIP and shortcomings in available safeguards and standards by offering support for IPs and LCs to independently develop their own protocols for consultation, participation in decision-making, and FPIC
	<b>Cultural heritage risk</b> Defined in IFC PS8 Includes failure to consider intellectual property rights where traditional knowledge is used to create commercial products	Favour avoidance or apply mitigation hierarchy with full engagement and FPIC of community
	<b>Community health, safety, and security risk</b> Defined in IFC PS4 Impacts caused by construction work not meeting minimum safety standards, security personnel potentially abusing their authority towards IPs and LCs, field staff not appropriately equipped, etc.	Emergency preparedness and response, code of ethics and conduct, bushfires safety, bush flight safety, and other design safety measures e.g. for lodges
	<b>Labour and working conditions risk</b> That contractors' employees have not got minimum rights as per ILO etc.	Definition and monitoring of rights; local knowledge to ensure they are upheld

<sup>70</sup> More fully discussed regarding safeguards and their shortcomings. See also Papillon, M., Leclair, J., & Leydet, D. (2020). Free, prior and informed consent: Between legal ambiguity and political agency. International Journal on Minority and Group Rights. See also OHCHR (2023). Benchmarking Study of Development Finance Institutions' Safeguard Policies.

<sup>71</sup> World Resources Institute. (2016). Strengthening Indigenous land rights: 3 challenges for free, prior and informed consent.



## Additional risks to communities and other stakeholders

---

The above focuses mainly on financially material risks to investors (including impact risks that can become material), but there are of course risks that are more applicable to communities and other stakeholders as well. These may happen outside the timeframe of the project and present risks to society and the wider market, as opposed to the particular investor in a particular timeframe. A major risk to communities includes concerns about weakening or destabilisation of governance within IPs and LCs due to external influence: an increase in financing without appropriate strengthening of governance within Indigenous Peoples' groups can lead to conflict and/or further degradation of landscapes. Another is, the risk to the sovereignty of data—that is, the legal right to decide what can be done with data and who can use it.<sup>72</sup>

Another broad area of risk is how the “hegemonic narrative”<sup>73</sup> of market-based solutions to biodiversity loss can distract attention from the continued importance of public finance. There could be a perverse incentive in demonstrating the effectiveness of market solutions and differences of opinion are likely on whether Indigenous Peoples should engage in these mechanisms.

“De-risking” instruments are available to investors such as political risk insurance, development guarantees, and various forms of other insurances. Similar tools are not currently available to support the management of risks for communities. The risks to communities, and proposed relevant mitigation approaches will be further explored with the guidance of the BCA Communities Advisory Panel.

---

<sup>72</sup> This refers to the rights of Indigenous Peoples to have a say in what happens to data collected for and about them, with Indigenous data sovereignty now considered a facet of reclaiming Indigenous sovereignty. In Aotearoa New Zealand, Te Mana Raraunga, the Māori Data Sovereignty Network, define Māori data as “data produced by Māori or that is about Māori and the environments [they] have relationships with”, and call for Māori to have involvement in the governance of Māori data (Te Mana Raraunga Charter, 2016). See Jennings, L., Anderson, T., Martinez, A. et al. [Applying the 'CARE Principles for Indigenous Data Governance' to ecology and biodiversity research](#). *Nat Ecol Evol* (2023).

<sup>73</sup> Kedward, K., zu Ermgassen, S.O.S.E., Ryan-Collins, J., & Wunder, S. (2022). Nature as an asset class or public good? The economic case for increased public investment to achieve biodiversity targets. SSRN.

---

## Part 2

# Investors Practicing Respect for Communities' Rights and Integrity

This section highlights guidance for investors in terms of Indigenous Peoples' rights (and Local Communities' rights where relevant), describes examples of benefits that arise where communities, particularly Indigenous Peoples, drive the development of nature-related markets, and how individual investors can and do support such actions today. The rights of Indigenous Peoples in particular are protected by a growing body of international human rights instruments and jurisprudence, yet these rights are often not widely understood in the investment community.<sup>74</sup>

## Investors can do more to respect Indigenous rights

---

The UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and the International Labour Organization (ILO) Convention No. 169<sup>75</sup> are among the most important international instruments and jurisprudence that affirm the rights of Indigenous Peoples worldwide. Rights include (but are not limited to) the right to self-determination; the right to own, control, and use their lands, territories, and resources; and in turn, the right to give or withhold Free, Prior, and Informed Consent (FPIC) to matters affecting their lives, rights, and territories.<sup>76</sup> In 2023, Amazon Watch published a valuable toolkit aimed at investors, providing practical guidance and tools to learn about and meet their responsibility to respect Indigenous Peoples' rights, and in turn, avoid financial, and reputational risks (see text box).

---

<sup>74</sup> Amazon Watch (2023).

<sup>75</sup> International Labour Organization. (1989). Indigenous and Tribal Peoples Convention, 1989 (No. 169).

<sup>76</sup> While UNDRIP is the clearest articulation of the rights of Indigenous Peoples, it should be understood in light of the broader landscape of international human rights instruments and jurisprudence concerning the rights of Indigenous Peoples. For example, the Committee on the Elimination of All Forms of Discrimination Against Women (CEDAW) adopted particular recommendations highlighting Indigenous women and girls, linking to climate mitigation and adaptation measures on their territories.

## Box 1: Recommended resource - Respecting Indigenous Rights: An Actionable Due Diligence Toolkit for Institutional Investors.

---



The Toolkit was authored by Emil Sirén Gualinga, member of the Kichwa people of Sarayaku, with contributions from many sources. The Toolkit consists of two parts, both of which include case studies.

**Part A:** “Fundamentals” provides an overview on the rights of Indigenous Peoples, as recognised by international human rights instruments and jurisprudence, and on the business responsibility to respect Indigenous rights laid out in international standards.

**Part B:** “Due Diligence Implementation” provides guidance for institutional investors on incorporating Indigenous rights into policies and management systems, as well as practical tools for identifying and addressing actual or potential Indigenous rights impacts, including data sources, due diligence questions, and red flags in company practices and policies.

**Available from:**

<https://respectingindigenousrights.org>

Investors should become familiar with laws, instruments and jurisprudence at a global level and also in the individual jurisdictions where they may invest.

“Although the rights of Indigenous Peoples to self determination, land, territory resources and Free, Prior and Informed Consent are guaranteed under international law including in business contexts, rights are not recognized or applied effectively in many countries.” - Darío José Mejía Montalvo, Zenú Chair of UN Permanent Forum on Indigenous Issues and Leader of the National Indigenous Organization of Colombia

Engagement with Indigenous Peoples is addressed normally to the level of companies and intermediaries, not investors, but Amazon Watch (2023) and others highlight the more active role that investors could play. Though implementation is currently lacking, investors big and small have begun to acknowledge the imperative to respect Indigenous rights, both due to responsibilities under international standards and agreements, but also because respect for these rights is critical for climate and biodiversity protection. A number of large investors have confirmed they would be paying much closer attention to Indigenous Peoples' land and legal rights, to avoid legal, reputational or regulatory risk in their portfolios, while Storebrand's nature policy for example, specifically highlights that securing Indigenous Peoples' customary rights is essential to sustainable outcomes, and it expects portfolio companies to respect Indigenous Peoples' rights and apply best practice in FPIC.<sup>77</sup> As well as the widely-endorsed toolkit mentioned in Box 1, other tools can help investors navigate this space. Rights and Resources Institute (RRI) for example provides an online Tenure Tool<sup>78</sup> that can help investors understand their potential exposure to risk by understanding land rights and claims. RRI further asks that investors sign on to and promote the Land Rights Standard.

## Safeguards, their application and shortcomings

---

The complex relationship between IPs and LCs, social well-being, governance, and biodiversity is influenced by multiple factors. The following list summarises the headline outcomes and lessons learned from several studies conducted in this area, and suggests key steps for investors in biodiversity credit markets to apply the most appropriate safeguards and guidance. As the field is quite emergent, investors also have an important role in advocating for the improvement of standards and guidance.

### Step 1: Understand the context



#### **Self- and inclusive governance are inextricably linked to biodiversity outcomes**

Top-down or externally driven conservation governance more frequently results in negative outcomes for both well-being and biodiversity. Externally governed IPs and LCs areas are ten times more likely to result in negative social and biodiversity outcomes than locally governed and managed IPs and LCs areas.<sup>79</sup>

---

<sup>77</sup> Storebrand (2022). [Storebrand policy on nature](#).

<sup>78</sup> Rights and Resources Initiative. (n.d.). [RRI tenure tool](#).

<sup>79</sup> Dawson, N.M., Coolsaet, B., Sterling, E., & Loveridge, R. (2021). Ibid.

Self-managed conservation initiatives show better outcomes for both social well-being and biodiversity outcomes compared to externally designed and enforced initiatives. Dawson, et al. (2021) further showcased that more than half of locally controlled cases (55.9%) reported positive outcomes, while only 15.7% of externally controlled interventions had positive results.

Moreover, the studies indicate that inclusive governance, management and fair benefit sharing, for both material and non-material benefits, is critical for positive social and environmental outcomes. Unequal social impact and negative environmental impact are often the result of either non-inclusive governance within IPs and LCs groups, or externally driven governance.

The WEF recommends,<sup>80</sup> as a general precursor to engaging with Indigenous Peoples, investors should seek to understand the complexities that emerge from the legacies of settler-colonial movements such as: 1. Power imbalance; 2. Trust building; 3. Knowledge transfer; 4. Gender roles; and 5. Cultural load. It recommends a framework for action, ALIVE, to guide a process which centers indigenous voices in nature-related markets: Acknowledgement, Leadership, Insights, Value, and Expertise.



## **Recognition of rights over natural resources enhances biodiversity outcomes**

Several credible studies<sup>81</sup> have analysed how changes in ownership of land and its resources result in biodiversity conservation outcomes. The findings of these research studies have been consistent irrespective of the biomes or intensity of land use being considered. For instance, Benzeev, et al., (2023) found that even in places such as Atlantic forests where 85% of the ecosystem has been lost, the recognition of the land and resource rights of the Indigenous Peoples increased not just the biodiversity but also their livelihoods against the baseline.



## **A purely market driven approach can result in social exclusion and perverse incentives**

Market based approaches to conservation, including payment for ecosystem services and REDD+ programmes, have been more prominent in the last several years. These programmes can exert external influence, undermining the local institutions and self-determination of IPs and LCs. A growing number

---

<sup>80</sup> World Economic Forum (WEF). (2023). [Embedding indigenous knowledge: A practical guide](#).

<sup>81</sup> Holland M.B., et al. (2014); BenYishay A, et al. (2017), Benzeev, et al. (2023)



of cases consistently provide evidence that material benefit alone is rarely sufficient as a pathway to compensate or motivate IPs and LCs to align with conservation regulations.<sup>82</sup>

Addressing social heterogeneity and avoiding harm in interventions, in addition to generating benefits for the IPs and LCs and the ecosystem throughout, and after culmination of the project, is undoubtedly difficult. However, market-oriented conservation interventions have frequently resulted in negative consequences for significant portions of affected communities. This is often due to a lack of customisation of development projects to align with local livelihoods and social dynamics. Furthermore, these interventions have tended to overlook the support and strengthening of local governance systems that address unequal distribution of benefits or harms in a culturally appropriate manner.<sup>83</sup>



### **Appropriate national policy framework that allows Steps 1, 2 and 3 to be implemented in practice**

The previous three points can only be achieved in full where the national policy framework supports strong local governance structures and engagement of IPs and LCs in the enforcement of rules and regulations and land ownership. While the adoption of UNDRIP in 2007 was a milestone, 16 years onwards there was still a substantive gap between the rights included in the declaration and implementation of these rights by the States who had adopted it.<sup>84</sup> Hence investors need to take additional actions, described in Step 2.

The Ashaninka case in Brazil is an excellent example here: Community protocols were recognized as legal instruments in Brazil by Law No. 13,123, of May 20, 2015, known as the “Biodiversity Law.” With this protocol, the Ashaninka reaffirm their role as guardians of their forest in their 87,200 hectares in the Kampa region of the Amônia River Indigenous Reserve, and as crucial stewards of environmental services of the Amazon rainforest. The document also establishes guidelines on how the Ashaninka make decisions related to the environmental services in their territory and how to deal with outsiders.<sup>85</sup>

---

<sup>82</sup> See e.g. Editors: John Parrotta, Stephanie Mansourian, Christoph Wildburger and Nelson Grima (2022). *Forests, Climate, Biodiversity and People: Assessing a Decade of REDD+*, (2022).

<sup>83</sup> Dawson, N.M., Coolsaet, B., Sterling, E., & Loveridge, R. (2021). *Ibid.*

<sup>84</sup> International Work Group for Indigenous Affairs (IWGIA). (2023). *The Indigenous World 2023*.

<sup>85</sup> *Forest Trends*.

## Step 2: Determine the appropriate safeguards and guidance to apply

As mentioned throughout this discussion paper, there are a variety of safeguards, standards and guidance that support the advancement of these attributes, including: Verra Climate, Community and Biodiversity (CCB) Standards, Architecture for REDD+ Transaction's (ART's) The REDD+ Environmental Excellence Standard (TREES), Gold Standard, International Finance Corporation (IFC) Performance Standards (PS), Plan Vivo, WEF Integrity Principles, Green Climate Fund (GCF) Indigenous Rights Policy, Forest Stewardship Council (FSC) Ecosystem Service Procedure and BioCarbon Registry Biodiversity Standard. This list may grow rapidly as there is an active interest particularly by sustainability or carbon standard developers to supply standards in the biodiversity credits space. Investors should identify any shortcomings in existing safeguards against international human rights standards and take measures to close any gaps, e.g. through additional contractual measures with project developers. If mandated by the CAP, BCA could undertake a more detailed stocktaking and comparison of the available standards and guidance, and/or develop a bespoke approach, through an appropriate process.

## Step 3: Advocate to advance and improve standards and guidance through experience

Investors, having applied the various available standards and guidance, can contribute to their improvement by sharing experiences and encouraging their update or replacement based on learning and evolving good practices. BCA is a forum for this within the rapidly emerging biodiversity credits market.



## Benefit sharing: financial and non-financial

Indigenous and tribal peoples have a right to participate in the benefits arising from activities taking place in their territories per international law. As such, benefit-sharing schemes should be seen not as a form of CSR but a basic compliance requirement, recognising that Indigenous and tribal peoples are entitled to benefits from their territories as a non-negotiable right and prerequisite for any credible project.<sup>86</sup> The degree of benefit sharing between parties may also be defined by existing legal agreements or regulation. While the biodiversity market is quite new, there are two working examples featured in Ducros and Steele (2022) detailing how the schemes are channelling benefits including finance to communities, summarised in Table 5.

Table 5. Examples of biodiversity credits channelling benefits to IPs and LCs. Adapted from Ducros and Steele (2022, pg. 17–21)

Credit scheme	Approach to direct benefits to IPs and LCs
<u>Terrasos</u> : Partnership for Forest Protocol for Voluntary Biodiversity Credits (VBC), Colombia	Financial benefits via lease agreements and benefit-sharing mechanisms, technical, legal and financial guarantees; non-financial benefits such as increasing institutional capacity, strengthening land tenure rights, and increasing technological access
<u>ValueNature</u> , South Africa	Financial benefits via employment of local workers and blockchain-based benefits mechanism allowing fast accreditation and transactions, so money earned flows more quickly to biodiversity custodians; non-financial benefits such as training in monitoring equipment

These approaches will mitigate some project risks by ensuring that there is community benefit at sufficient level to maintain support for the relevant ecosystem management activities. As the biodiversity credit market remains quite new and limited in scope, a growing number of examples can also be drawn from the nature-linked carbon market (mentioned elsewhere in the paper).

<sup>86</sup> See Special Rapporteur on the Rights of Indigenous Peoples. (2010). A/HRC/15/37: Report of the Special Rapporteur on the situation of human rights and fundamental freedoms of indigenous people, James Anaya, para. 79.

## Indigenous-led nature markets

Indigenous-led markets have existed for millenia and more recent studies have determined that they have unique characteristics driven by the worldview of their participants.<sup>87</sup> Growing Indigenous-led nature economies was a political goal promoted particularly by Canada at CBD COP15 in December 2022.<sup>88</sup> Without concrete examples of Indigenous-led biodiversity credits as of yet, we look to nature markets more broadly for inspiration of what shape Indigenous-led biodiversity credits could take.

There is emerging interest in Project Finance for Permanence (PFP) as an important mechanism for setting the stage for Indigenous-led markets. A PFP<sup>89</sup> is a financial model that brings together governments, IPs and LCs, funders, and other partners to secure long-term conservation, full and sustained funding, and community benefits. Through this approach, protected places stay protected because they are collaboratively designed, locally-led, nationally supported, sustainably funded, and highly accountable. Supported by Enduring Earth, PFP has formed strong governance within which market-based solutions have the potential to succeed. These include:



### The Great Bear Rainforest and Haida Gwaii agreement<sup>90</sup>

A historic collaboration between First Nations and the Government of British Columbia, Canada, to conserve 8 million hectares of temperate rainforest, which continues to support Indigenous-led conservation and sustainable economic development. In this case, the Conservation Investments and Incentives Initiative (CIII) was created by First Nations.

“Conservation financing meant more than simply injecting money into the local economy - an approach that had been tried unsuccessfully in the past. Instead it linked clear, lasting conservation commitments to new investments supporting innovative new businesses and building conservation management capacity in First Nation communities. Because

<sup>87</sup> Poyser, A., Scott, A., & Gilbert, A. (2021). Indigenous investments: Are they different? Lessons from Iwi. Australian Journal of Management, 46(2), 287–303.

<sup>88</sup> Piapot, N. (2023). How Indigenous Nations are leading the conservation-based economy. Corporate Knights, Spring (2023).

<sup>89</sup> Project Finance for Permanence. (n.d.). Enduring Earth.

<sup>90</sup> Coast Funds. (n.d.). Great Bear Rainforest.

some models of business opportunities envisioned under conservation financing were unprecedented, Coastal First Nations<sup>91</sup> (an alliance of Wuikinuxv Nation, Heiltsuk Nation, Kitasoo/Xai'xais Nation, Nuxalk Nation, Gitga'at Nation, Metlakatla Nation, Old Massett, Skidegate, and Council of the Haida Nation) did some pilot projects and tried out new business concepts such as shellfish aquaculture and research into harvesting non-timber forest products. They also explored pilot projects with Ecosystem-Based Management (EBM) forestry.”—Coast Funds<sup>92</sup>



### Heritage Colombia / Herencia Colombia<sup>93</sup>

Also known as HECO, which safeguards incredible natural places by expanding and effectively managing 32 million hectares of landscapes and seascapes, including land owned by Indigenous communities. It strengthens locally-led institutional structures for monitoring resource management, thus securing the most sustainable and effective future governance of these resources notably within public-private partnerships.<sup>94</sup> HECO engages with the financial sector and works to attract private capital that is aligned with the overall vision of the Indigenous communities for their own territories.<sup>95</sup>

There are other models beyond PFP which are supporting Indigenous-led nature markets. For example, the Menominee tribe in Wisconsin has sustainably logged its forest for 160 years, providing both jobs and a healthy environment. The Menominee see their forests as “a collective resource that, if carefully harvested, could allow them to maintain their cultural connection to the land while providing for plants, animals and the tribe for generations to come”—David Kaimowitz, Chief Program Officer at International Land & Forest Tenure Facility.<sup>96</sup>

---

<sup>91</sup> Coast Funds. (n.d.). [Coastal First Nations Great Bear Rainforest Initiative](#).

<sup>92</sup> Coast Funds. (n.d.). Great bear rainforest. Ibid

<sup>93</sup> WWF Colombia. (2022). [Herencia Colombia](#).

<sup>94</sup> Green Climate Fund. (2023). [FP203: Integrating Ecosystem-based Adaptation Measures into Vulnerable Coastal Zones in Colombia](#).

<sup>95</sup> Valenzuela, S. (2021). [HECO Case study: Aligning budget and finance on the ground - Integrated resources management & sustainable value chains](#).

<sup>96</sup> The New York Times. (2023). [The giving forest](#).



In some very low income Indigenous Peoples' communities, development opportunities can be extremely limited, necessitating a vicious circle of degrading the resource base that could help to build resilience. The creation and sale of Payment to Ecosystem Services (PES) units can reverse this cycle if PES units are developed in collaboration with IPs and LCs to strengthen their governance and participation. Facilitating a community-led project design ultimately leads to more sustainable land management and both reduces the risk of project failure and the risk to potential investors. A key aspect to this includes investment drivers that incentivise and encourage community involvement and do not undermine community benefits. Examples here include the Yaeda—Eyasi Community-led REDD Plan Vivo project which is situated in the Manyara Region of Northern Tanzania coordinated by Carbon Tanzania. The project was a 2019 UN Equator Prize Winner.

### Box 2: Case studies of Indigenous-led development in the carbon market: Babatana Rainforest Conservation Project, Choiseul, Solomon Islands

---

On South Choiseul in the Solomon Islands, tribes from the Babatana language group are choosing to protect their rainforest and support their community through a community-owned forest carbon project guided by the Nakau Methodology. Commercial logging and land-clearing by off-shore companies is a constant threat for forests, biodiversity and communities across the Solomon Islands region, and the Babatana Rainforest Conservation Project supports tribes to move away from these destructive practices and towards conservation.

The rainforests that make up the Babatana project lie along the Kolombangara River and comprise part of the Mount Maetambe-Kolombangara River Corridor—a Key Biodiversity Area listed by International Union for Conservation of Nature (IUCN). The forest is home to 21 frog species and many birds. Choiseul also has the highest number of native mammals in the Solomon Islands, including the giant horseshoe bat, and 14 species of reptiles. Protecting rainforests on Choiseul is critical for biodiversity, but also for culture, climate resilience, and the way of life sustained by the forest for generations. In 2019, the Sirebe Tribe established an official Protected Area; since then, they have conserved 806+ hectares of rainforest, built a team of dedicated Indigenous Rangers, formed a strong, women-led savings group and led on decisions about how their forests are managed.



**Result:** They have successfully reduced 87,117 tonnes of CO<sub>2</sub> verified emissions since the project commenced, with an average of 17,423 tonnes of CO<sub>2</sub> verified emissions reduced each year.

Other Babatana tribes are now working towards forest protection and expanding the model. By the end of 2023, new projects in Siporae and Padezaka Protected Areas are aiming to be certified by Plan Vivo with the community receiving carbon credit income. For all participating Babatana tribes, being able to keep their rainforest and all the benefits it provides (clean water, food, plants and animals, medicine, materials and cultural importance) outweighs other destructive development opportunities like commercial logging. Income generated from conservation carbon credits through Plan Vivo Certificates (PVCs) comes back to communities to be reinvested, growing other social ventures and providing financial stability.

The Sirebe Tribe set up a community company to manage this reinvestment when their project started, with at least six rangers employed to map and manage the Protected Area. Ranger roles are critical for monitoring the boundaries, reporting on forest health and checking for logging incursions. Ensuring they receive a salary for their stewardship and knowledge contributes to the regenerative nature of carbon projects.

Neighbouring Padezaka Tribe has also set up their community company and established Ranger roles. These Rangers were able to discover and report illegal logging at their Protected Area boundary by an outsider logging company in 2022, leading to a local government court action against the logging company.



## Governance over benefits

Deciding how credit income is distributed among each Babatana Tribe is led by the Indigenous landowners. The Nakau Methodology provides guidance to each tribe and a governance requirement to de-risk the likelihood of conflict. But the ultimate decision-making is led by the tribe and follows their own governance process and cultural protocols alongside the Nakau guidelines.

The Sirebe Tribe decided to use their PVC income for water tanks, school fees, much-needed sanitation facilities and a boat engine—items that were decided collaboratively by the community finance committee and women-led savings groups.

Furthermore, women's groups hold an important role in the structure of the Babatana project and help inform how money is spent in the community. The Sirebe Tribal Association decided to support the women and girls in their tribe with development programmes and small grant schemes. Each year, a percentage of the net income is directed to the Sirebe Women's Saving Club account. Women also hold positions on the board of the Sirebe Community Company.

How income is shared looks slightly different for each tribe, based on their cultural governance system. For example, the Padezaka Tribe mapped their genealogies through tribal meetings across Choiseul to ensure all tribal members had an opportunity to discuss their land. This process took more than one year, so all families were considered and the resulting Padezaka benefit-sharing model was appropriate for them.





## Long-term involvement and governance

When using the Nakau Methodology, communities hold a lot of responsibility to manage their performance. Once a community business is set up and the project has been verified, Babatana tribal communities take a leading role in the delivery of land management activities, and in the monitoring and governance of their project. They deliver quarterly reports that outline activities and actions against their own development targets and they meet each year to discuss the project outcomes. This improves how the communities own their time and decisions and allows them to take on more responsibilities throughout the project.

In the Babatana projects, formalising Indigenous governance into a tribal association has led to other opportunities, such as government grants. The Babatana communities were recently successful in their application for a solar panel grant, which supports the installment and maintenance of solar panels for households across the Babatana villages.

As the project continues through its implementation phase, Nakau allows the IPs and LCs to take the lead and adapt the project to meet their needs. Inevitably, as the projects have a lifetime of at least 30 years, community needs will change. To account for this, Indigenous landowners can revisit how benefits are shared during the project and every ten years, they are able to reassess their land-use planning. Adapting these parts of the project to their needs allows them to take ownership of their livelihoods and natural resources within the core purpose of protecting their forest.

The Sirebe community, particularly the Indigenous innovators who led the project at an early stage, are now champions for the replication of forest carbon projects across the Solomon Islands. Linford Pitatamae, head of the Sirebe Tribal Association, is often contacted by other tribes who are interested in carbon projects, and asked to share his experiences. This opportunity has empowered Linford to become a leader and to build trust among communities who may be interested in carbon projects.

Linford's vision has also resulted in employment opportunities for him to act as a community facilitator and share his knowledge and feedback professionally.



### Box 3: Case study on Indigenous Peoples in the driving seat of Payments for Ecosystem Services (PES): Yaeda Valley, Tanzania

---

Rural smallholder communities and Indigenous Peoples who want to protect their natural resources and maintain or enhance their environments often have limited livelihood opportunities and are typically dependent on economic benefits that lead to unsustainable land management. Approaches to mitigate this, which support these communities in accessing the revenue streams that result in their long-term community development, include Payments for Ecosystem Services (PES) such as carbon or biodiversity credit schemes.

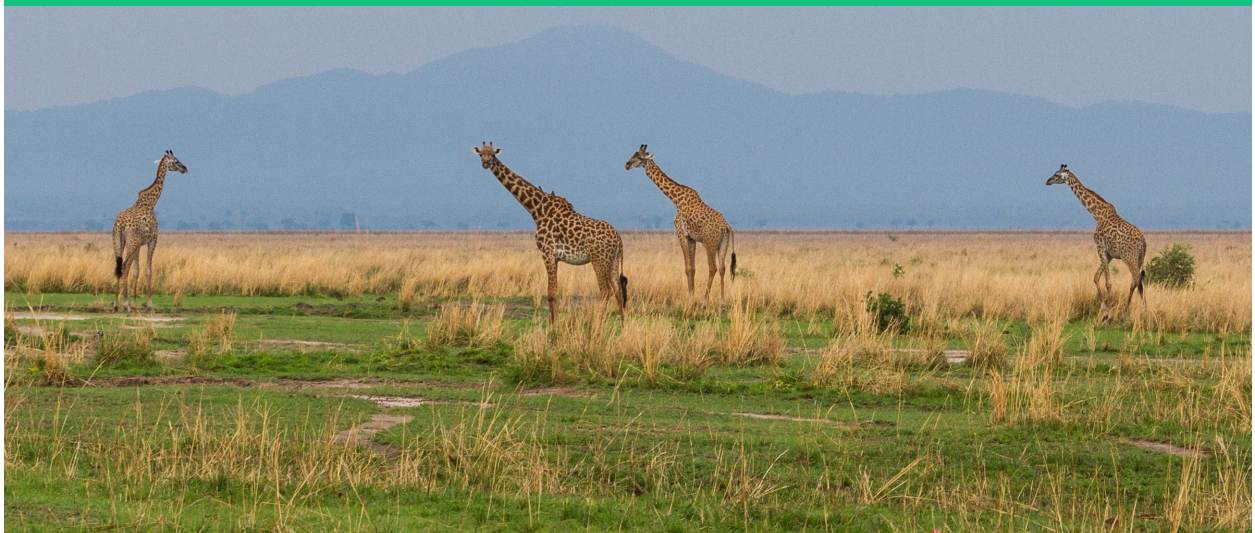
The Yaeda—Eyasi Community-led REDD Plan Vivo project extends across Arusha and Manyara Regions in Northern Tanzania, and is coordinated by Carbon Tanzania. The project was a 2019 UN Equator Prize Winner. The project encompasses 12 villages covering a total area of 238,752.44 hectares constituting three land-use types: housing, agriculture and grazing, and protected areas, which include areas protected for traditional use by the hunter-gatherer Hadzabe tribe.

The project area is dominated by Acacia-Commiphora woodlands. The project region is notable for its biodiversity with several rare and threatened species recorded in the area. Despite the high biodiversity value in the region, the drivers of degradation still remain high, with continuous threats from the expansion of cultivation and shifting agriculture causing deforestation, soil nutrient deficiency, and overgrazing, which is also a secondary driver of deforestation.

The Hadzabe and the Datooga are the cultural groups most engaged with the project. They have been involved in the project design from conception, with the existing village structures serving as a forum for representation of project participants and the community-at-large. The initial project design worked only with the Hadzabe, but following the success of the project, it expanded to include the Datooga tribe from the surrounding community. The Datooga are limited to Northern Tanzania where their historical range is buffered by the pastoralist Maasai to the north. After witnessing the success of the project with the Hadzabe tribe, the Datooga were inclined to understand it and became involved in the project activities (Plan Vivo, PDD, 2020).



**Result:** The revenue generated from the sale of Plan Vivo Certificates, enables the communities to employ Village Game Scouts (VGS) who are central to the preservation of the protected areas. The VGS patrol these areas ensuring land use designations are being followed on the ground, and flag incidents to the village governance structures for action when they arise. Without this finance stream, the communities would be unable to secure and protect the forested project areas, either legally or practically at the community level. This in turn would likely lead to the deterioration of these ancient societies, as their cultural practices rely on access to a functioning ecosystem.



Through these interventions, and by protecting the traditional land of the Hadzabe and Datooga, the project simultaneously improves the habitat of the wildlife species native to the project area, and by reducing impacts of illegal poaching, protects enigmatic megafauna present in the area. Protection of the woodland area also maintains biodiversity by preserving habitat for less well-known native taxa including endemic birds.

This assembly meets on a bi-monthly basis and anyone is welcome to place an item on the agenda, including concerns relevant to this project. The ward, comprised of elected village leaders, will attend to issues that transcend the village. The Hadzabe and Datooga are both semi-nomadic, and the Carbon Tanzania staff also engage with those people whose cultural practices make it difficult to attend village meetings, by visiting them at places where they water their animals or are living temporarily.



## Long-term IPs' and LCs' involvement and governance

All community members, including those who are not directly involved in project activities, are aware of the project and will continue to be involved in its planning and implementation through a process of information dissemination, coordinated by Carbon Tanzania's community liaison officer, a Hadza woman born and raised in the area.

As the project fieldwork becomes more ingrained in the regular activities of the Hadzabe and village communities, participants become more practiced at accurately measuring project indicators, and communities gain confidence in their ability to enforce their land use plans, the communities will take on a greater management role in the project.

Several project managers and other Carbon Tanzania staff members are community members, e.g. Regina Safari, Isack Bryson and German Sedoyeka, who all spoke on a panel at a recent Plan Vivo regional stakeholder event in Nairobi, Kenya. Indigenous project staff members are being platformed to share their experiences more often.

Facilitating a community-led project design ultimately leads to more sustainable land management, and reduces both the risk of project failure and the risk to potential investors. A key aspect to this includes investment drivers that incentivise and encourage community involvement and do not undermine community benefits. Project beneficiaries often include project participants with very low income per household. PES payments make it possible to reach some of the most vulnerable groups globally.





#### Box 4: Case study on engaging IPs and LCs to incentivize the conservation and restoration of critical grassland ecosystems in Kenya.

---

In 1997, the local Eselenkei community partnered with Gamewatchers Safaris, an ecotourism operator, to establish the Selenkay Conservancy in the shadows of Mount Kilimanjaro, Kenya. Before the Conservancy's inception, the region was severely degraded and its biodiversity was in decline, with keystone species like elephants and lions being driven off for over two decades. Through strategic conservation efforts, like enhanced water management, the employment of local rangers to reduce human-wildlife conflicts and poaching, and improved grazing management, the landscape underwent significant regeneration, leading to an increase in biodiversity, including keystone species in the early 2000s. Today, there are approximately 200 elephants and a large number of lions thriving in the Conservancy. This thriving ecosystem is what has been driving ecotourism revenue to the local communities.

Today, however, new threats have emerged to pose a significant risk to the Conservancy's future. The outbreak of COVID-19 significantly diminished the ecotourism revenue that the community heavily relied upon. Additionally, in 2022, the community land surrounding the Conservancy was divided into 40-acre plots under individual ownership. This subdivision of land has created a pressing need for direct revenue to reach individual landowners while also strengthening governance mechanisms that encourage group management and stewardship of the area. If changes aren't made, the land is at risk of sale and rapid conversion to agriculture and other land uses.



To counter this threat, EarthAcre is generating biodiversity credits that will provide direct income to Eselenkei landowners. This will incentivize and support their ongoing stewardship of this remarkable landscape. Stakeholder consultations with the broader Eselenkei community (approximately 4,000 individuals) to discuss approaches to protect the landscape moving forward will help to integrate traditional knowledge and documented best practices. EarthAcre follows a six-step Free Prior Informed Consent Process in its engagement with communities and local partners, ensuring that information is fully shared and disseminated, with rigorous consultations in multiple languages and two-way exchanges of information. In August 2023, EarthAcre invited Indigenous landowners to participate in a week-long intensive design sprint to co-create a digital benefit sharing platform. This platform will ensure that the delivery of payments from credit sales is transparent, traceable, and accessible to all landowners. The benefit-sharing platform will provide a financial trail from credit sale to final disbursement at the household level, and will provide mechanisms for feedback of and participation in decisions relating to the continued group management of these ecosystems.

The benefit-sharing mechanism is structured to ensure transparency and equitable sharing of revenue. Out of the total revenue generated from the sale of biodiversity credits, more than two thirds flows directly to the individual Indigenous landowners, with all transactions digitally traceable. This includes a portion of the funds going to local intervention coordinators who work in partnership with the local communities. The remaining share is allocated to partners and the company, promoting sustainable resource utilisation and community empowerment.



**Result:** IPs and LCs incentivised to conserve a rare ecosystem of 12,500 acres with tremendous biodiversity, protecting keystone wildlife species and addressing climate change with long-term permanence.

EarthAcre has non-binding agreements in place to scale this across a further 1M+ acres encompassing critical habitats in Southern Kenya, which has the potential to reopen and reinforce historic migratory pathways, subject to the successful launch of the 12,500 acre pilot.





## Long-term involvement and governance of IPs and LCs

EarthAcre is led by an international team who draw from over 30 years of experience in unlocking natural capital solutions on Indigenous lands, as well as expertise across technology, peer-reviewed scientific research on biodiversity, land regeneration, and community partnerships. The mission is built on the foundations and vision of two of its co-founders, Dr. Mohanjeet Brar and Patita Nkamunu, who have a demonstrated record of developing and deploying equitable solutions for Indigenous and local landowners in Kenya, and who have already successfully established some of the highest individual incomes in Africa from open land and biodiversity. Dr. Brar is the Managing Director of Gamewatchers Safaris, an award winning eco-tourism operator which pioneered the concept of community-based conservancies in partnership with private companies. Ms. Nkamunu represents Indigenous women on the board of the National Conservancies Council, the umbrella organization for over 1 million Indigenous and pastoral landowners across 15 million acres in Kenya.

## Investor measures beyond safeguards

It is clear that investors cannot enter biodiversity credit markets without respecting the context and rights of IPs and LCs. Investors in the carbon market have largely relied on intermediaries to apply safeguards, and provide assurances through third parties that IPs and LCs are respected and on board with the project. This approach leaves a degree of risk that is possible to reduce by closer relationships from the earliest stages of a project, particularly where the project model is locally-led. Investors in nature-related markets and biodiversity credits in particular should consider going beyond the safeguards-based approach to build relationships on fair terms with the stewards of our most valued ecosystem services.

This section has suggested ways and means for investors to do this, but for systematic changes at scale, broader efforts are needed. These are explored in the next section.

---

## Part 3

# Transforming the Community-Investor Relationship at Scale

The discussion paper has focused on efforts that individual investors can make. However, to rectify and improve the flow of finance to IPs and LCs for their role in stewarding nature at scale, efforts are needed both at a national and sub-national level where potential biodiversity credit projects could take place, as well as in international policy and the definition of biodiversity credit markets themselves. This section provides some initial ideas, which will be further considered with the guidance of BCA, and in consultation with other market participants.

## At national and sub-national level

---

It can be challenging to uphold the right to effective participation and FPIC if these are not appropriately enshrined in national and sub-national laws. FPIC needs to be clearly reflected in domestic laws and in a manner that provides sufficient certainty to market participants. Nationally, governmental human rights focal points (GHRFPs) are recommended by UN bodies<sup>97</sup> and can have “thematic mandates” such as monitoring FPIC in carbon and nature markets.

---

<sup>97</sup> Lorian, C.M., & Lagoutte, S. (2021). Interdisciplinary collaborative research for forest conservation: A synthesis of challenges and best practices. *Current Opinion in Environmental Sustainability*, 52, 77–84. doi:10.1016/j.cosust.2021.05.010



# Affirming IPs and LCs in the design and operation of biodiversity credit markets

A number of avenues can be explored for strengthening the realisation of IPs' and LCs' rights in the biodiversity credits market, for example:



Inclusion of maintenance of biodiversity in the definition of a biodiversity credit to recognise the value of areas which are already being maintained



Technical guidance outlining the expected minimum stakeholders engagement process that should be clearly documented and described when it comes to a biodiversity credits project



Provision and establishment of written agreements prior to parties' participation in any interventions to ensure an effective grievance and redress mechanism<sup>98</sup> that is independent, accessible, equitable, predictable, transparent, human rights-compatible, and designed and implemented based on engagement and dialogue with IPs and LCs, and also deemed to be legitimate by these rights-holders<sup>99</sup>; Roundtable on Sustainable Palm Oil's Complaints and Appeals Procedures could be an appropriate model to consider<sup>100</sup>



Mechanism to verify FPIC as an avenue to de-risk investments e.g. in the mining sector the Initiative for Responsible Mining Assurance (IRMA)<sup>101</sup> has independent assessments of mines, including with respect to FPIC which are made public



Biodiversity credit agreements required to carry insurance for communities risks (not only investor risks) that could fund remedies for actual and potential (unintended) harms that an intervention causes or contributes to<sup>102</sup>

<sup>98</sup> A grievance and redress mechanism is one of the main pillars of the UN Guiding Principles on Business and Human Rights (UNGPs). Companies, for their part, are expected to establish or participate in effective grievance mechanisms for any individuals or communities adversely impacted by their operations. This is a requirement at the level of the company or project proponent, but is not always realised or applied adequately. It also means that grievances are handled by the project which is causing harm, therefore the need to have a complementary mechanism for communities to reach investors individually or as a group. A suggested next step if the BCA CAP would want to propose such a mechanism would be guidance on who would be responsible, who would pay for the mechanism, and to distinguish between project level redress mechanism and FI level, and the roles and responsibilities of both.

<sup>99</sup> Rights and Resources Initiative (RRI). (2022). [Land rights standard: Second edition](#).

<sup>100</sup> Roundtable on Sustainable Palm Oil (RSPO). (n.d.). [Complaints and appeals procedures \(CAP\) review steering group](#).

<sup>101</sup> The IRMA Standard (2023). [Independently Assessing Mines](#).

<sup>102</sup> Rights and Resources Initiative (RRI). (2022). Ibid



Establish a lead in the accreditation of credits to respect rights to cultural heritage and the value of traditional knowledge; groups of Indigenous Peoples to become designated authorities to provide accreditation of nature certificates in various regions; could be a value-add to investors who would perceive a premium credit where endorsement was obtained



Generic legal and contractual arrangements that can be adapted to each situation by private sector investors to facilitate the negotiation and implementation of agreements with small landowners—if contracts signed with IPs and LCs are well marked up, the process of access to land will be accelerated while reducing mistrust from each party



Recognition of Indigenous data sovereignty to ensure that Indigenous Peoples are rights holders through the retention and control of their data; can be achieved through implementation of Indigenous data governance into mainstream data infrastructures, policies and practices; requires Indigenous knowledge standards for data, research relationships and data practices to support Indigenous rights throughout data lifecycle and across data ecosystem<sup>103</sup>



All above and similar mechanisms developed to create conditions for meaningful participation of IPs and LCs to prevent and mitigate power asymmetries; market participants should seek to adapt to the decision-making systems of IPs and LCs, recognising that a) market-driven timelines may hinder Indigenous Peoples from effectively participating in accordance with their own timelines, language, or ways of life, and b) IPs and LCs may have competing demands or lack technical and financial resources to effectively participate in the design and operation of biodiversity credit markets; Indigenous Peoples that do not endorse biodiversity credits may nonetheless have an interest in participating and should have the freedom to effectively participate, to ensure respect for their rights and interests



A risk-based approach where MRV requirements are adjusted to the size, scale, and risk of projects—namely, that impact demonstration requirements and transaction costs are scaled down to facilitate access for smallholders and other low-intensity land managers<sup>104</sup>

As described in the methods section and introduction, BCA with the support of the International Institute for Environment and Development (IIED) and other partners, will now convene a BCA Communities Advisory Panel (CAP). Its mission is to fully and effectively engage nature-dependent IPs and LCs in the design and development of BCA principles and products and secure full respect of the rights of IPs and LCs therein.

---

<sup>103</sup> Jennings, L., Anderson, T., Martinez, A. et al. [Applying the 'CARE Principles for Indigenous Data Governance' to ecology and biodiversity research](#). *Nat Ecol Evol* (2023).

<sup>104</sup> The FSC ES Procedure provides an example for scaling requirements for smallholders / low-intensity forest managers.



---

# Conclusions

The headline message of the discussion paper for (external) investors is that engaging fully with IPs and LCs on just terms as knowledgeable rights holders is the only means to identify, manage and mitigate environmental, social and financial risks. More thorough engagement with IPs and LCs, demonstrated through a harmonised risk taxonomy for investors in nature markets, consistently points to the need to go beyond current safeguards to an approach that embraces the UN Declaration on the Rights of Indigenous Peoples<sup>105</sup> (UNDRIP) and the UN Guiding Principles on Business and Human Rights (UNGPs). Investors are asked to not consider IPs and LCs as groups that need to be empowered or helped but as leaders in their territories and communities, and champions on behalf of the natural world, who have yielded biodiversity benefits often beyond those of state agencies set up for conservation purposes.<sup>106</sup> Investors are asked to recognise the power and agency that IPs and LCs already hold, and factor this appropriately into relevant transactions. Investors cannot realise or sustain significant Return On Investment (ROI) without engaging IPs and LCs. This approach will require better understanding the contexts, ambitions and perspectives of IPs and LCs, which is the context this paper hopes to provide.

Furthermore, while individual investors can improve outcomes, more systematic changes are needed for the biodiversity credit market to perform better than the carbon credit market has in terms of rights and benefits.

---

<sup>105</sup> United Nations General Assembly. (2007). [United Nations Declaration on the Rights of Indigenous Peoples \(UNDRIP\)](#).

<sup>106</sup> Qin, Y., Xiao, X., Liu, F., de Sa e Silva, F., Shimabukuro, Y., Arai, E., & Fearnside, P.M. (2023). Forest conservation in Indigenous territories and protected areas in the Brazilian Amazon. *Nature Sustainability*, 1-11.

# Appendix 1

## Acronyms

<b>ART</b>	Architecture for REDD+ Transactions
<b>BCA</b>	Biodiversity Credit Alliance
<b>BCS</b>	Biodiversity Credit System
<b>CAP</b>	Communities Advisory Panel
<b>CBD COP 15</b>	Fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity
<b>CBI</b>	Conservation Basic Income
<b>CCB</b>	Climate, Community and Biodiversity Standards
<b>CIII</b>	Conservation Investments and Incentives Initiative
<b>CSR</b>	Corporate Social Responsibility
<b>EBM</b>	Ecosystem-Based Management
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FI</b>	Financial Institution
<b>FPIC</b>	Free, Prior and Informed Consent
<b>FPS+N</b>	Forecast Policy Scenario + Nature
<b>FSC</b>	Forest Stewardship Council
<b>GBF</b>	Global Biodiversity Framework
<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse Gasses
<b>GHRFPs</b>	Governmental Human Rights Focal Points
<b>HECO</b>	Heritage Colombia
<b>HWC</b>	Human-Wildlife Contact
<b>ICCAs</b>	Indigenous and Community Conserved Areas
<b>IFC PS</b>	International Finance Corporation Performance Standard
<b>IIED</b>	International Institute for Environment and Development

<b>ILO</b>	International Labour Organization
<b>IRMA</b>	Initiative for Responsible Mining Assurance
<b>IUCN</b>	International Union for Conservation of Nature
<b>IPs and LCs</b>	Indigenous Peoples and Local Communities
<b>IPR</b>	Inevitable Policy Response
<b>MRV</b>	Monitoring, Reporting and Verification
<b>PDD</b>	Project Design Document
<b>PES</b>	Payment to Ecosystem Services
<b>PFP</b>	Project Finance for Permanence
<b>PVCs</b>	Plan Vivo Certificates
<b>REDD</b>	Reducing Emissions from Deforestation and forest Degradation
<b>RRI</b>	Rights and Resources Institute
<b>SIDA</b>	Swedish International Development Cooperation Agency
<b>TREES</b>	The REDD+ Environmental Excellence Standard
<b>TK</b>	Traditional Knowledge
<b>UNDP</b>	United Nations Development Programme
<b>UNEP FI</b>	United Nations Environment Programme Finance Initiative
<b>UNGP</b>	United Nations Guiding Principles on Business and Human Rights
<b>UNPFII</b>	United Nations Permanent Forum on Indigenous Issues
<b>UNDRIP</b>	United Nations Declaration on the Rights of Indigenous People
<b>UNDROP</b>	United Nations Declaration on the Rights Of Peasants
<b>VBC</b>	Voluntary Biodiversity Credit
<b>VGS</b>	Village Game Scouts
<b>WBCSD</b>	World Business Council for Sustainable Development
<b>WEF</b>	World Economic Forum

---

# Acknowledgements and reviewers

Project team on behalf of the BCA Secretariat: UNEP FI - Jessica Smith (coordinating lead author), Katy Baker, Rhea Kochar, Romie Goedicke; IIED - Anna Ducros, Paul Steele; BCA Secretariat - Manesh Lacoul

Co-authors: Gaurav Gupta (UNDP), Toral Shah (Plan Vivo), Dr. Monika Bertzky (Asesoramiento Ambiental Estratégic), Colleen Corrigan (Pure Strategies, Inc.), Abdul Latif Alhassan (University of Cape Town), Frank Hawkins (IUCN)

Reviewers and other contributors<sup>107</sup>: Alvaro Vallejo (Cercarbono), Amy C. Bennett (Abatable) Angela Duque (BioCarbon Registry), Ash Welch (AECOM), Benoit Limoges (Viridis Terra International), Bianca Nijhof (Anthesis Group), Calum Brown (Highlands Rewilding), Carly Vynne (RESOLVE), Chris Gordon (Natural State), David Hall (Toha), David Wallis (The Palladium Group), Dennis Fritsch (UNEP FI), Dorothee Herr (NatureFinance), Emil Sirén Gualinga, Erika Korosi (Conservation International), Francis Vorhies (African Wildlife Economy Institute), Hania Othman (HBAR Foundation), Holger Schmid (NatureFinance), Ilka Thogmartin (WWF), Joana Pedro (UNEP FI), Jodi Formosi (Bella Biochar Corporation), Keith Bohannon (Plan Vivo), Kirsty Schneeberger (Climate Impact Partners), Louis Liebenberg (CyberTracker Conservation), Luisa Castaneda-Quintana (McGill University), Lydia Zemke (EarthAcre), Margaret Kinnaird (WWF), Matt Gledhill (Wildlife Works), Maxim Vergeichik (UNDP), Mohanjeet Brar (EarthAcre), Musonda Kapena (Namfumu Conservation Trust), Nathalie Whitaker (Toha), Patita Nkamunu (EarthAcre), Raphaele Deau (UNDP), Renee Raroa (Toha), Richard Diggle (WWF), Robin Mitchell (Nature Positive), Stéphane Rivière (WWF), Thabang Selota (WWF), Tom Raven (Climate Impact Partners), Wes Geisenberger (HBAR Foundation), Wesley Snell (ETIFOR), Yayoi Yoshioka (Nippon Koei Co., Ltd.).

Photo credits: ©Adam Smigielski (p.52), ©Adli Wahid (p.28), ©Adriana Dinu (p.7, 10, 59), ©Ead72 (p.44), ©Etienne Assenheimer (p.18), ©Gaurav Gupta (p.38), ©George Pagan (p.31), ©Gregoire Dubois (p.3, 41, 47, 48, 49), ©Jonrawlinson (p.40), ©Prashanth Vishwanathan/UNDP India (p.1), ©Taun Stewart (p.23).

---

<sup>107</sup> This list is inclusive of some contributors and reviewers that are members of Indigenous communities that have consulted in an individual capacity, not as a representative of their communities. These individuals are therefore not identified as Indigenous.





# BCA Vision

BCA's vision is a transparent, trustworthy and efficient global market in biodiversity credits founded on just and equitable principles, and underpinned by innovation.

BCA works to facilitate the transition to a nature positive economy aided by an integrated, efficient and scaled voluntary biodiversity credit (VBC) market. BCA considers biodiversity credits to be an effective complement to, but not a replacement of, the private sector's supply chain transformation efforts. BCA views biodiversity credits as an effective mechanism for advancing the private sector's participation in ecosystem restoration and transformative landscape approaches in line with science-based principles.

---

We invite you to join us in achieving these ambitions

---



[biodiversitycreditalliance.org](https://biodiversitycreditalliance.org)