

Scotland's Advancements in Nature Markets and Biodiversity Credit Schemes

I. Introduction

Scotland is increasingly exploring nature markets and nature credit schemes as mechanisms to increase responsible investment into nature restoration. These efforts align with national and international commitments to address biodiversity loss and promote sustainable land management. Biodiversity credits have the potential to serve as a key component of these markets, providing financial incentives for landholders and businesses to engage in conservation and habitat restoration activities through market-based mechanisms.

Biodiversity Credit Alliance (BCA) defines biodiversity credits as follows:

A biodiversity credit is a certificate that represents a measured and evidence-based unit of positive biodiversity outcome that is durable and additional to what would have otherwise occurred.¹

Projects generating biodiversity credits must be grounded in rigorous methodologies that ensure additionality, durability, and verified ecological benefits, as outlined in the [High-Level Principles \(HLPs\)](#) developed by BCA in partnership with several organizations, including International Advisory Panel on Biodiversity Credits (IAPB) and the World Economic Forum (WEF).

II. Government-Led Initiatives and Scotland's Nature Finance Market

The Scottish Government (SG) plays a central role in shaping nature markets. The [Scottish Biodiversity Strategy](#) identifies a range of conditions that need to be in place in order to successfully achieve its high-level goals, including:

working at scale; systematically mainstreaming biodiversity; ensuring sufficient funding and investment is available; and strengthening accountability for delivery. The government's [Biodiversity Investment Plan](#) sets out the actions needed to support the creation of a nature finance system that can enable finance to flow into high-integrity biodiversity outcomes. Scotland's [30 by 30 Framework](#) (protecting and effectively managing 30% of land and seas by 2030) aligns with global biodiversity targets. Alongside protected areas such as Sites of Special Scientific Interest, a new mechanism for securing and recognising land in long term management for nature has been rolled out, known as Nature30 sites. Nature30 sites seek to drive investment in long term nature-based solutions and provide a vehicle to encourage the development of nature credit schemes.

The [Scottish Nature Finance Pioneers \(SNFP\)](#), a civil society initiative, aims to unlock private finance for biodiversity and ecosystem restoration. The Peatland Code and Woodland Carbon Code are the foundational frameworks used by the SNFP to build and standardize nature-based investment markets in Scotland. The [Peatland Code](#), developed and managed by the IUCN UK Peatland Programme, is a voluntary certification standard that provides a framework for peatland restoration projects to generate independently verified carbon credits. While primarily focused on carbon sequestration, the scheme has significant biodiversity co-benefits, including habitat restoration for threatened species and improvements in water quality. The [Woodland Carbon Code](#), a government-backed initiative, incentivises the creation of new woodlands by issuing carbon credits. While not a biodiversity credit scheme per se, efforts are underway to integrate biodiversity metrics, enabling landowners to generate biodiversity credits alongside carbon credits.

¹ Biodiversity Credit Alliance (2024). Definition of a Biodiversity Credit. Issue Paper.



III. Natural Capital Market Framework and Ecosystem Restoration Code

The SG has developed a broader [Natural Capital Market Framework](#) to guide investment in natural capital, including biodiversity credit schemes. This framework provides a structure for aligning private investment with the SG's land reform, climate, biodiversity and wider land use transformation objectives, ensuring high integrity in natural capital markets.

A key component of the Market Framework is its commitment to supporting the development of a new **Ecosystem Restoration Code (ERC)** for Scotland. The intention of the ERC is to provide a high-integrity market mechanism for attracting responsible investment into nature and biodiversity projects, supporting SG's biodiversity goals. The ERC is being designed to facilitate investment in nature recovery by establishing a set of best practice requirements for ecological monitoring, additionality, durability and long-term impact measurement, in line with relevant standards from the BSI Nature Investment Standards Programme and international principles, including the High-Level Principles.

SG is currently working with NatureScot (Scotland's nature agency) on a project to support the development of the ERC. To date this has included:

- Publication in May 2025 of an [ERC Engagement Paper](#) that describes the rationale for the ERC and sets out a baseline understanding of what is likely to be required for new nature/biodiversity markets in Scotland;
- Undertaking a comprehensive programme of stakeholder engagement during summer 2025, testing out with stakeholders the assumptions and propositions in the Engagement Paper;
- Publication in October 2025 of an [ERC Engagement Phase Results and Analysis Paper](#) that describes the results from the engagement phase and a road-map of priorities for the ongoing project to develop the ERC; and
- Publication in March 2026 of the ["Ecosystem Restoration Code \(ERC\): A Competent Model for private investment in nature restoration in Scotland"](#), which sets out a draft framework and template for the ERC and will be tested and refined during 2026.

SG and NatureScot are currently (as of 2026) in the process of testing and refining the ERC, building on the published Competent Model. This includes development of requirements for prospective ERC projects and the means by which they will be validated, covering all integrity principles from the BSI Nature Investment Standards and the SG Natural Capital Market Framework. SG are also giving consideration to a metric flexible approach for the ERC, which would provide greater flexibility to accommodate nature/biodiversity projects of different spatial scales and with a variety of objectives. The intention is to support a range of different use cases and buyer motivations (voluntary and compliance) that could potentially be addressed by the new ERC.

IV. Key Market Participants

- **CreditNature Nature Credits:** CreditNature is pioneering the development of biodiversity credits by integrating ecological data, advanced metrics and financial modeling to assess and verify gains in ecosystem condition. Their approach enables landowners and investors to engage in biodiversity markets with confidence, ensuring that credits reflect genuine improvements in ecological health. CreditNature has been supporting SG and NatureScot to develop an option for a voluntary biodiversity credit via the SG's innovation programme CivTech.
- **Highlands Rewilding Biodiversity Credits:** Highlands Rewilding, a Scottish company focused on ecological restoration, has been pioneering biodiversity monitoring in order to support development of credits that can finance habitat restoration. These credits would measure and reward tangible biodiversity gains on rewilded land, supporting efforts to restore native woodlands, wetlands, and grasslands alongside community benefits and involvement in management.
- **Biodiversity Crediting for Woodlands and Peatlands:** The Woodland Carbon Code and Peatland Code are investigating the possibility of integrating specific biodiversity uplift quantification or crediting within the existing carbon standards. The project aims to develop a scientifically rigorous, repeatable, and scalable methodology for quantifying biodiversity uplift, ensuring that biodiversity credits could complement carbon credits within UK nature markets.

V. Voluntary vs. Compliance Nature Markets in Scotland

Scotland is currently focused on the development of voluntary nature markets, with SG playing a key role in overseeing and catalyzing these initiatives.

- **Voluntary Nature Markets:** These markets, including biodiversity and carbon credits, are currently the dominant mechanism for nature-based finance in Scotland. Private sector investors, landowners, and conservation organizations participate voluntarily, often driven by corporate ESG commitments. The Woodland Carbon and Peatland Codes exemplify voluntary markets where transactions are based on transparent certification frameworks.
- **Compliance-Based Nature Markets:** Scotland does not currently have any compliance-based nature markets. However, **NatureScot** is currently in the process of developing a biodiversity metric for Scotland's planning system.

The Scottish Government's role is pivotal in ensuring that nature markets in Scotland are complementary, avoiding pitfalls such as greenwashing and speculative credit issuance. Scotland's structured approach to integrating nature markets with national conservation strategies provides valuable insights for other governments seeking to establish high-integrity biodiversity finance mechanisms. Lessons from Scotland's experience include:

- **Policy Integration:** Aligning biodiversity finance with broader environmental goals, such as the 30x30 Commitment and land-use planning reforms.
- **Market Oversight:** Establishing robust methodologies, like the Ecosystem Restoration Code, to ensure credibility and prevent market distortions.
- **Private-Public Collaboration:** Encouraging partnerships between government, financial institutions, and conservation groups to scale nature-based solutions effectively.

Scotland's evolving approach to voluntary and compliance nature markets serves as a model for countries exploring regulatory frameworks that incentivize biodiversity conservation while maintaining a high-integrity approach and supporting economic policy priorities.

VI. Conclusion

Scotland's efforts highlight the work needed to be done to integrate nature finance into conservation strategies. While biodiversity credit markets remain in their early stages, they present significant potential to drive investment in ecosystem restoration. For targets to be met, rapid and successful implementation of biodiversity markets will need to be achieved. Ensuring transparency, scientific rigor, and community benefits will be essential to the long-term success of Scotland's biodiversity credit schemes.



"Blue tit - Cyanistes caeruleus on Teasel" by caroline legg, CC BY 2.0

About the Biodiversity Credit Alliance

The Biodiversity Credit Alliance (BCA) was established at COP15 in 2022. The BCA is a UN-backed coalition of like-minded organizations **working to shape the future of the biodiversity credit market** by bringing together scientific experts, conservation practitioners, and businesses to establish a **high-integrity, transparent, and scalable** biodiversity credit market. We're focused on ensuring that investments in nature generate **positive outcomes for biodiversity and communities**. By creating clear guidance and supporting market development in line with **principles of integrity, quality, and equity**, BCA helps unlock new funding streams for biodiversity conservation while ensuring credibility and impact. Whether you're a business, civil society organization, government, or land steward, we're providing the insights and framework to make biodiversity credits work effectively for people and the planet.

BCA Mission

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

Our mission is twofold:



Help steer the development of a 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 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 biodiversity credit 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 remediation and transformative landscape approaches in line with science-based principles.