

Foundations for High-Integrity
Biodiversity Credit Use

BCA Demand Integrity Series

01

What are the Motivations for Purchasing Biodiversity Credits?

A new market in nature credits needs the best possible start

The Biodiversity Credit Alliance (BCA) exists to guide the development of a credible and scalable biodiversity credit market capable of earning the trust and confidence of a broad spectrum of market participants. Key among them are Indigenous Peoples and local communities who live at the frontline of the nature crisis and are represented by International Environmental Guardianship (IEG), an independent member-based organization of Indigenous Peoples, Local Communities and Afro-Descendants. Together we are working to ensure strong foundations and principles exist and can be applied by all entrants to the market.

Our 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 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. It has grown to include representatives of Indigenous Peoples, Local Communities and Afro-Descendants in the form of the independent member-based International Environmental Guardianship (IEG), formerly the 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), the Swedish International Development Cooperation Agency (SIDA), and the European Commission (EC).

About the Series

The *Foundations for High-Integrity Biodiversity Credit Use* is a series of publications exploring key questions relating to demand and demand integrity in biodiversity credit markets. Each paper summarizes the findings and discussions of the BCA's Demand Integrity Working Group and seeks to provide practical guidance on the role of biodiversity credits in supporting nature-positive outcomes. While the series focuses on biodiversity credits, many of the concepts and recommendations are also applicable to broader nature credit approaches (e.g., water credits, soil health credits).

The series addresses five core questions:

- 01** **What are the Motivations for Purchasing Biodiversity Credits?**
- 02** How can Greenwashing be Avoided?
- 03** How can Organizations Act Amid Nature-Related Uncertainty?
- 04** How can Biodiversity Credits Enable Nature-Positive Transitions?
- 05** How can Demand be Institutionalized?

This issue focuses on the question:

01

What are the Motivations for Purchasing Biodiversity Credits?

It presents a taxonomy of the motivations for private-sector engagement in nature markets: compliance, risk and resilience, value creation, and reputation. To provide context, the paper begins with an introduction to biodiversity credits, demand-side integrity, and the key concepts and terminology used throughout the market.

How was this series of papers produced?

BCA Issue and Discussion Papers are developed to provide background, analysis and research on key topics relevant to the formulation of a market in biodiversity credits. BCA Issue and Discussion Papers are led by members of the BCA Taskforce and co-created by a dedicated working group.

The working group members are comprised predominantly of the BCA Taskforce, International Environmental Guardianship (IEG) and BCA Forum. The BCA Demand Integrity Working Group was co-led by Conservation International represented by Erika Korosi, Plan Vivo represented by Toral Shah, PRATIC Biodiversity represented by Arthur Pivin, and IEG represented by Esther Netshivhongweni. The working group was coordinated by the Biodiversity Credit Alliance represented by Dominik M Maczik. Editorial support was rendered by the BCA Secretariat (Jacques Massardo and Saengkeo Touttavong). This discussion paper was reviewed by and benefited from numerous contributions from members of the Demand Integrity Working Group, including representatives from Accounting for Nature, Alcoa, Aviva, Aviva Investors, Capitals Coalition, Coalition for Private Investment in Conservation, Etifor, the Finnish Ministry of Environment, Fossagrim, Gesellschaft für Internationale Zusammenarbeit, Green Finance Institute, International Advisory Panel on Biodiversity Credits, International Council on Mining and Metals, Oceanic Institute of Monaco, Pollination, Rebalance Earth, Roundtable for Sustainable Palm Oil, UN Environment Programme Finance Initiative, World Business Council for Sustainable Development, and the World Economic Forum.

The working group developed a systematic taxonomy of biodiversity credit use cases and mapped associated demand-side integrity risks. This was complemented by a series of bilateral consultations with corporates and financial institutions to better understand key motivations, opportunities and barriers to participation. The findings informed the development of draft guidance on high-integrity biodiversity credit use, which was refined through three successive rounds of consultation involving the Demand Integrity Working Group, BCA Taskforce, International Environmental Guardianship and the BCA Forum before finalization.



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The Nature Finance Gap and Biodiversity Credits

The global nature finance gap continues to widen, with available finance falling far short of what is needed to protect, restore and sustainably manage ecosystems as critical natural infrastructure.^{1,2} Closing this gap requires mobilizing additional private capital in ways that are aligned with ecological priorities and global biodiversity objectives. This needs to happen alongside wider efforts to reduce incentives and subsidies harmful to biodiversity, including those addressed under KMGBF Target 18.³ Biodiversity credits have emerged as a potential mechanism to support this mobilization by translating positive biodiversity outcomes into measurable, transparent, and tradable units. They can underpin regulatory instruments, corporate nature strategies and transition plans, and national biodiversity plans, while also serving as key performance indicators for nature finance instruments. These instruments include blended finance structures, green, nature and sustainability linked loans and bonds, sovereign or jurisdictional finance models, transition finance products, procurement-linked investment structures, and landscape resilience financing. When designed and used with integrity, biodiversity credits can help direct finance toward high-priority ecosystems, support long term conservation and restoration outcomes, and align private sector action with frameworks such as the Kunming Montreal Global Biodiversity Framework.

The Biodiversity Credit Alliance plays a convening and guidance role in this emerging market by developing science-based principles and practical guidance to ensure biodiversity credits contribute credibly and equitably to closing the nature finance gap, while reinforcing the responsibility of actors to avoid and reduce their impacts on nature.

1 UNEP. State of Finance for Nature 2026. <https://www.unep.org/resources/state-finance-nature-2026>

2 IPBES. Summary for Policymakers of the Methodological Assessment Report on the Impact and Dependence of Business on Biodiversity and Nature's Contributions to People. 2026. <https://www.ipbes.net/business-impact>

3 Convention on Biological Diversity (2022), Kunming-Montreal Global Biodiversity Framework, Target 18.

Demand Integrity and Its Distinction from Supply-Side Risks

The development of equitable and high-integrity biodiversity credit markets requires robust safeguards on both the supply and demand sides. Supply integrity ensures that biodiversity credits represent real, measurable and verifiable positive outcomes for nature, climate and people. Principles for supply-side integrity have been established, with leading guidance provided through the High-Level Principles developed by the Biodiversity Credit Alliance in collaboration with the International Advisory Panel on Biodiversity Credits, the World Economic Forum and other partners.

Market integrity, however, cannot be achieved through supply-side measures alone. **Demand integrity refers to the conditions governing how biodiversity outcomes and associated financial flows are transacted, used and claimed.** It helps ensure that biodiversity markets deliver positive outcomes for nature, support global biodiversity goals, and avoid misuse or greenwashing. Biodiversity credits can mobilize finance for conservation and restoration, but they do not replace the responsibility of actors to avoid and reduce nature impacts in line with the mitigation hierarchy, nor diminish public financial responsibility. Misuse, including the use of credits as a substitute for impact reduction, implying equivalence between unrelated ecosystems, or using credits to obscure significant ongoing impacts, can undermine market credibility and delay systemic change toward nature-positive economies.

This series of publications does not address supply-side integrity conditions. Rather, it focuses on the conditions and enabling requirements needed to support high-integrity participation and transactions on the demand side of biodiversity credit markets.

Key Variables in Nature Markets

As biodiversity credit markets continue to evolve, important concepts are often interpreted differently across jurisdictions, frameworks and market participants. The table below provides a common terminology for these variables to support consistent interpretation throughout BCA's work.

Common terminology for key variables

01

Compensatory

In compensatory mechanisms, credits are used to compensate for (or offset, cancel out, counterbalance, neutralize) specific negative impacts generated elsewhere. These compensation requirements may be mandated as part of regulatory or lender compliance requirements, or undertaken voluntarily following the principles of the mitigation hierarchy. For further guidance, see the [Standard on Biodiversity Offsets](#) published by Forest Trends.

Non-compensatory

In non-compensatory mechanisms, credits are not used to claim compensation for negative impacts, therefore their purchase does not seek to neutralize or absolve a company's specific negative impacts. Instead, these investments support conservation or restoration for reasons such as reducing business risk linked to dependencies on critical natural infrastructure, enhancing operational resilience, strategic positioning, improving access to finance, and maintaining a social licence to operate. They may also contribute to regional, national or global biodiversity objectives, including those set out in the Global Biodiversity Framework.

02

Compliance-driven

Compliance mechanisms require market participants to purchase biodiversity credits in order to meet predefined obligations. These requirements are typically established through governmental mandates, planning and permitting systems, or lender and investor conditions linked to project approval or access to finance. Credit demand under compliance mechanisms is therefore enforced and non-discretionary.

Voluntary

Under voluntary mechanisms, biodiversity credits are purchased at the discretion of market participants, without a legally binding obligation to do so. Voluntary mechanisms may operate within regulated frameworks or in the absence of formal regulatory oversight. In practice, most voluntary biodiversity credit purchases currently take place in unregulated contexts. Where this paper refers to such purchases, it uses the term **voluntary, unregulated mechanisms**.

03

Regulated

Public regulations (national, MDBs or other public intergovernmental organizations) are in place to provide oversight of the supply or demand side of the market.

Unregulated

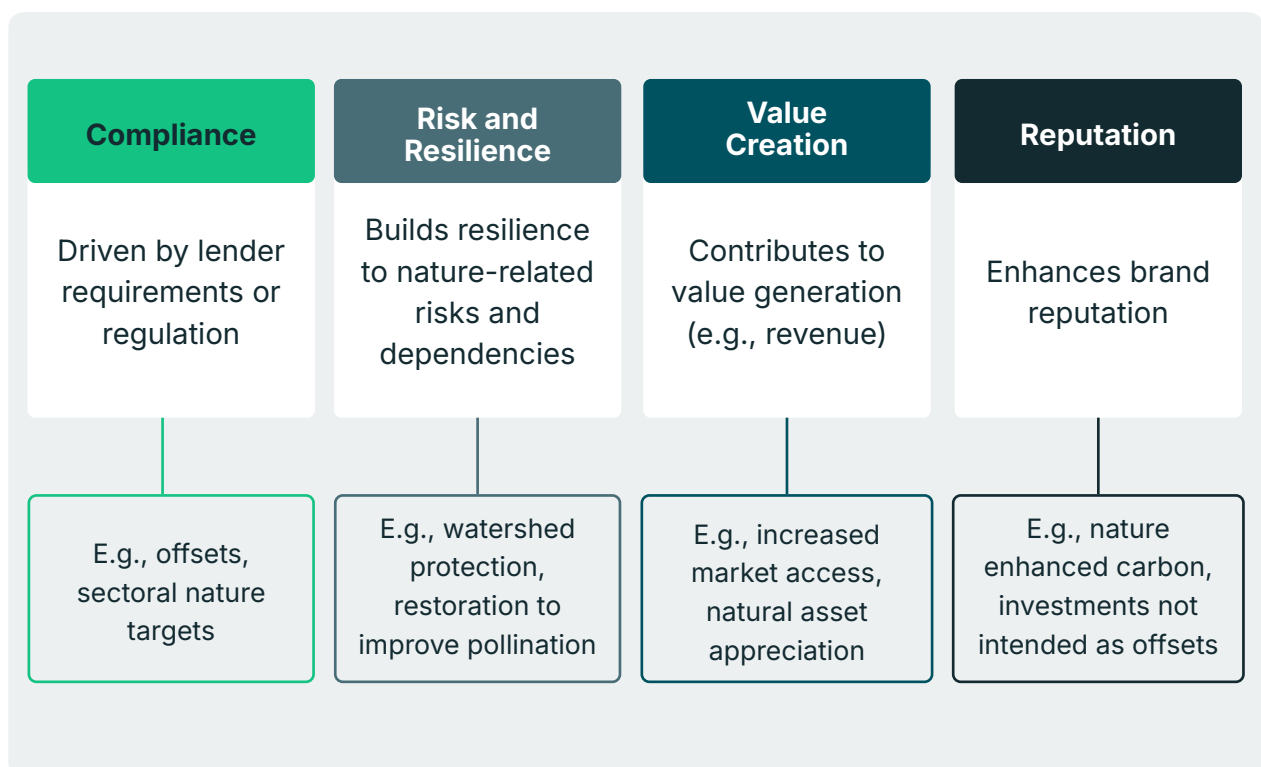
No public regulations are in place to oversee the market.

Motivations to Purchase Biodiversity Credits

Organizations engage with biodiversity credit markets for a range of reasons, reflecting different regulatory, commercial and strategic objectives. Understanding these motivations is key to scaling demand across varying market contexts.

The figure below highlights four broad motivations for private-sector engagement in nature markets: compliance, risk and resilience, value creation, and reputation. These categories are indicative rather than exhaustive, and many use cases may span multiple motivations, reflecting the fact that nature-positive investments are often driven by a combination of commercial, risk management, and strategic considerations.

Figure 1: Motivations for private sector engagement in nature markets



The four categories reflect distinct, but often overlapping, motivations for engaging with biodiversity credit markets. Compliance-driven demand arises from regulatory requirements, permitting systems, lender conditions, or other mandated obligations, and is often associated with compensatory mechanisms. Future applications may also include mandated contributions to national biodiversity priorities. Risk and resilience motivations focus on reducing exposure to nature-related risks and dependencies, for example through investments that support watershed protection or ecosystem restoration for supply-chain resilience. Value creation motivations seek to generate commercial benefits, such as improving access to finance, creating new revenue opportunities, enhancing asset values, or strengthening long-term competitiveness. Reputational motivations are driven by efforts to strengthen stakeholder trust, maintain a social licence to operate, and demonstrate leadership on biodiversity and sustainability. In practice, biodiversity credit purchases are often motivated by a combination of these factors rather than a single objective.

This paper forms part of the *Foundations for High-Integrity Biodiversity Credit Use* series, which examines key questions relating to demand and demand integrity in biodiversity credit markets. This issue has focused on the motivations driving demand for biodiversity credits. The next issue examines the question: How can greenwashing be avoided? It explores how transparency, disclosure and the communication of claims can support high-integrity participation in biodiversity credit markets, and how integrity requirements differ between compensatory and non-compensatory claims. Subsequent issues examine how organizations can act amid nature-related uncertainty, how biodiversity credits can enable nature-positive transitions, and how demand can be institutionalized.



Glossary

Biodiversity Credit: A certificate representing a measured, evidence-based unit of positive biodiversity outcome that is durable and additional to what would otherwise have occurred.

Biodiversity Credit Mechanisms: The structure, rules, and intended function through which biodiversity credits are generated, issued, traded, and retired. Credit mechanisms may be compensatory or non-compensatory, voluntary or compliance-driven, and regulated or unregulated. They may also involve the use of biodiversity credits to underpin broader nature-finance instruments, including performance-based and outcomes-based financing approaches such as green bonds, nature bonds, sustainability-linked finance, transition finance, and blended-finance structures.

Biodiversity Credit Uses: The specific purpose and motivation for which a purchaser acquires and applies biodiversity credits. Credit uses may include compensating for residual impacts, managing nature-related risks, strengthening supply chain resilience, supporting fiduciary responsibilities, contributing to biodiversity goals, enhancing reputation, or advancing corporate social responsibility objectives.

Compensatory Mechanisms: In compensatory mechanisms, credits are used to compensate for (or offset, cancel out, counterbalance, neutralize) specific negative impacts generated elsewhere. These compensation requirements may be mandated as part of regulatory or lender compliance requirements or undertaken voluntarily following the principles of the mitigation hierarchy. For further guidance, see the [Standard on Biodiversity Offsets](#) published by Forest Trends.

Demand Integrity: The conditions, safeguards, and governance arrangements that determine how biodiversity credits, biodiversity outcomes, and associated financial flows are transacted, used, claimed, and disclosed. Demand integrity ensures that participation in biodiversity markets supports nature-positive outcomes, aligns with the mitigation hierarchy, promotes transparency, and avoids misuse or greenwashing by clearly communicating how credits and associated financial flows contribute to biodiversity objectives.

Ecological Equivalence: The principle that positive and negative biodiversity impact sites should be demonstrably equivalent, taking into account factors such as ecosystem type, species, ecological function, condition, location, and scale.

Fiduciary Responsibility: The obligation of investors, directors, and organizations to manage material financial risks and protect long-term value. In the context of biodiversity markets, this includes identifying and addressing nature-related risks and dependencies.

Greenwashing: The use of misleading, inaccurate, unsubstantiated, or incomplete claims that overstate an organization's positive impact on nature, biodiversity, or sustainability, or that obscure, downplay, or fail to disclose its ongoing negative impacts and dependencies.

High-integrity: Adherence to recognized standards, such as the *High-Level Principles to Guide the Biodiversity Credit Market*, that ensure verified positive outcomes for nature, equity and fairness for people, and transparent, accountable governance, resulting in biodiversity outcomes that are real, measurable, durable, and additional.

Institutionalizing Demand: The establishment of legal, financial, and market mechanisms that create consistent and scalable demand for biodiversity credits and nature-positive investments, enabling long-term private and public financing for biodiversity outcomes.

Mandated vs Compliance-driven: *Mandated* refers to an obligation imposed by a legal, regulatory, permitting, lending, or other binding framework. *Compliance-driven* refers to actions taken to meet such obligations, including requirements established by governments, regulators, lenders, or investors. In practice, this paper uses the terms close to interchangeably.

Mitigation Hierarchy: A sequential framework for addressing impacts on nature that prioritizes avoiding, reducing, and restoring impacts before considering compensation for residual impacts. It is based on the principle that preventing biodiversity loss should take precedence over offsetting or other compensatory measures.

Natural Infrastructure: Ecosystems and natural assets whose functions support economic productivity, resilience, water security, climate regulation, and human well-being.

Nature Positive Finance: Financial flows and investment mechanisms directed toward the conservation, restoration, sustainable management, and enhancement of ecosystems, biodiversity, and natural capital. Nature finance encompasses public, private, philanthropic, concessional, and blended sources of capital, as well as instruments such as biodiversity credits, payments for ecosystem services, conservation trust funds, and debt-for-nature swaps. Its purpose is to mobilize resources that support nature-positive outcomes while reducing nature-related risks and strengthening the resilience of economies and communities.

Non-compensatory mechanisms: In non-compensatory mechanisms, credits are not used to claim compensation for negative impacts, therefore their purchase does not seek to neutralize or absolve a company's specific negative impacts. Instead, these investments support conservation or restoration for reasons such as reducing business risk linked to dependencies on critical natural infrastructure, enhancing operational resilience, strategic positioning, improving access to finance and maintaining a social licence to operate. They may also contribute to regional, national or global biodiversity objectives, including those set out in the Global Biodiversity Framework.

Supply Integrity: The assurance that biodiversity credits represent real, measurable, additional, durable, and verified positive outcomes for nature, generated in accordance with robust environmental, social, and governance standards such as the High-level Principles to Guide the Biodiversity Credit Market and supported by transparent monitoring, reporting, and verification processes.



Disclaimer and feedback

This paper forms part of BCA's Foundations for High-Integrity Biodiversity Credit Use series. The series is intended to support discussion and provide practical guidance on emerging questions relating to demand and demand integrity in biodiversity credit markets.

The analysis and guidance reflect the evidence, experience and market understanding available at the time of publication. As biodiversity credit markets develop and further experience is gained, aspects of the terminology, analysis and guidance may be refined or updated. Future BCA work may also provide additional context or guidance relevant to the issues addressed in the series.

Feedback on the series is welcomed and can be shared with the BCA Demand Integrity Working Group and BCA Secretariat at secretariat@biodiversitycreditalliance.org.

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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 restoration and transformative landscape approaches in line with science-based principles.

We invite you to join us in achieving these ambitions

