BRIEFING PAPER

Biodiversity offsets and credits lack “high integrity” and will not bring significant funding to Global South countries and communities

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Briefing paper: Biodiversity Offsets and Credits lack “High Integrity” and will not bring significant funding to Global South Countries and Communities

We have called in the past on governments, multilateral bodies, conservation organizations and other actors to stop the promotion, development and use of biodiversity offsetting and crediting schemes. Both biodiversity credits and offsets have indeed been found to lack environmental integrity, contribute to greenwashing, and create risks of land-grabbing and human rights abuses.[1]

As they continue to be promoted, we want to reiterate our strong rejection for these schemes, and make the following clarifications regarding dubious claims about offsets and credits:

1. There will be no biodiversity credit market without offsets in most cases

There are diverging views about whether governments should establish national biodiversity credit or offset schemes. It is important, however, to clarify that **in the vast majority of cases, there will be no biodiversity credits without their use for offsetting**. This is because there is no other reason to buy large quantities of credits.

● Corporate social responsibility and philanthropic purchases are too limited to create a credit market.

● Purchases intended to address companies’ negative impacts on nature amount to compensation by definition.

● Addressing companies’ dependencies on nature, e.g. to protect their factories from floods or fires, does not require biodiversity credits. Moreover, using credits for this purpose would undermine the very fungibility required for a functioning credit market.

● Corporate purchases aimed at delaying or preventing tighter environmental regulations are unlikely to create a market. Such purchases would typically be cyclical, concentrated around periods when legislation is being proposed or debated, and therefore would not provide a sufficiently large or predictable source of demand.

● “Nature-positive contributions” beyond the mitigation hierarchy risk implicitly supporting and legitimising offsetting. Such contributions are presented as going beyond the mitigation hierarchy, which means that they come after biodiversity destruction has been avoided and minimised and any residual impacts have been offset to achieve a claim of “no net loss”. In this context, so-called “nature-positive contributions” are a further layer of financing that depends on offsetting as a prior step and therefore risks legitimising it.

The lack of credible alternative uses at scale other than offsetting means that promoting biodiversity credits with the expectation that they will not be used for offsetting is politically naive. The fundamental economic logic of these markets makes offsetting and greenwashing their most likely driver of demand.[2]

[1] Civil society statement on biodiversity offsets and credits, https://www.biodmarketwatch.info/
[2] To clarify: we do not support any of the alternative uses described above

2. The IAPB, BCA and WEF framework is NOT a high-integrity framework

Several features of the framework developed by the International Advisory Panel on Biodiversity Credits (IAPB), the Biodiversity Credits Alliance (BCA) and the World Economic Forum (WEF) contradict its claim to ensure "high-integrity" biodiversity credit markets:[3]

● **It allows for biodiversity offsetting**, despite the scientific consensus that biodiversity offsetting is not possible in most cases and that biodiversity losses cannot simply be compensated elsewhere.

● **It reduces complex ecosystems and biodiversity to highly simplified metrics.** Creating a liquid financial market requires simplifying and standardising complex ecosystems and millions of species into a limited number of credit types, so that buyers and sellers can be easily matched. There is no scientific basis for reducing biodiversity to such standardised and fungible units. Complex ecosystems cannot be simplified while maintaining ecological integrity. Biodiversity is not a fungible asset and cannot be treated or traded as a commodity.

● **It introduces "maintenance credits" linked to the conservation of areas that are not under short-term threat**. Such credits would lack ecological additionality, as they would not represent conservation gains that would otherwise not have occurred.

● **It allows credits to be issued before any alleged "positive impact" on nature has been measured**. This creates a fundamental risk of issuing and trading credits based on anticipated, rather than demonstrated, outcomes.

● **It leaves the door open to unlimited speculation**. The lack of an explicit prohibition on secondary-market trading would allow speculation on the future price of credits. This could generate highly volatile prices and, consequently, highly unstable revenues for local communities, farmers, and governments selling these credits.

● **It contains vague provisions and fails to adequately specify responsibilities regarding equity and fairness for Indigenous Peoples, local communities, small-scale food producers, women and youth**. The framework does not adequately address the rights of Indigenous Peoples and local communities to reject participation in a proposed project, nor the consequences of such a decision. It also lacks sufficiently detailed provisions on legal liability, penalties and sanctions for credit operators. Biodiversity credits are inherently unequal and flawed schemes to delay the urgent actions needed to address the root causes of biodiversity loss.

Taken together, these shortcomings fundamentally undermine the claim that the proposed framework can ensure "high-integrity" biodiversity credit markets.

[3] Spash C, Hache F, Biodiversity Credits: High Integrity or No Integrity, Oct 2026, https://seecentre.org/wp-content/uploads/2026/10/SEEcentre-DP-26-no3-Oct.pdf

3. Biodiversity offsets and credits will not generate significant or reliable revenues for Global South countries

The promise that biodiversity credit markets will generate significant new revenues for countries in the Global South, small-scale farmers, Indigenous Peoples, local communities, women and youth should also be treated with extreme caution.

● The potential revenues from the sale of credits will be highly volatile, as they will be exposed to regulatory risk: changes in political priorities, legislation or government support could abruptly alter the viability for these markets.

● The United Kingdom's biodiversity net gain market illustrates this regulatory risk. Less than two years after launching a mandatory biodiversity offset market, the government changed the law to allow in some cases real estate developers to make a one-off payment into a conservation fund instead of doing case-by-case offsetting.

● The volatility of potential revenues will be further increased by reputational risks for Global North corporations, which will be the main buyers of credits issued by Global South countries. Scandals involving over-crediting and human rights abuses, similar to those already documented in carbon markets, are already starting to appear, potentially impacting demand.[4]

● Most importantly, the potential revenues will be very limited, as there is little political interest in making markets actually function: **the main political goal of these markets is to continue prioritising short-term economic growth and competitiveness**, while creating the illusion that the biodiversity crisis is being addressed.

● **These markets will enable governments to deflect criticism over their lack of meaningful biodiversity policies, and enable companies engaged in harmful activities to keep their social licence to operate**. Consequently, there is no real interest in making these markets actually scale and function. As long as incremental progress can be announced at each COP, biodiversity credits can serve to distract media and public attention from the need for structural changes, support real solutions and effective measures to address the structural drivers of biodiversity loss.

● That same political goal will also likely ensure that the price of the credits never reaches a high level, as it must remain a tiny tax on Global North companies with harmful activities, and not significantly reduce their profitability and competitiveness.

● In turn, this means that Global South countries, small-scale farmers, Indigenous Peoples, local communities, women and youth should be very wary of the promise of additional revenues from biodiversity credit markets. The sale of credits is unlikely to provide significant stable funding for national conservation policies, protected areas, or provide meaningful and reliable additional revenues for Indigenous Peoples, local communities, women and youth.

● Finally, the costs and long-term implications for host countries must also be considered. Establishing biodiversity market schemes has a cost for the host country, since it will lock land-use for decades, in a context of expected food, land and water security concerns.

[4] Africa uncensored: GreenFakes: How multinationals use 'greenwashing' launder ecocide, https://africauncensored.online/series/greenfakes/

Moving beyond biodiversity markets toward effective action

Biodiversity loss is driven by structural and systemic factors, including extractive economic models, tax injustices, debt burdens, land grabbing, industrial agriculture and forestry, infrastructure expansion, overconsumption by global elites and the continued commodification of nature. Turning biodiversity into tradable financial assets does not address these root causes and could create the same human rights abuses as with carbon offsets.

Governments and the Convention on Biological Diversity should instead prioritise direct, predictable and long-term public financing; rights-based and gender-responsive approaches; recognition of the rights, knowledge and governance systems of Indigenous Peoples, small-scale food producers, and local communities; non-market approaches; addressing directly the structural drivers of biodiversity loss and shifting existing harmful subsidies.

The biodiversity crisis cannot be solved by creating new financial markets for nature. What is needed is transformative change—not the financialisation of biodiversity.

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