FROM AMBITION TO IMPLEMENTATION: BIODIVERSITY CREDITS FOR NBSAP DELIVERY

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A PROMISING INSTRUMENT, BUT NOT YET A MATURE MARKET

Target 19(d) of the Kunming-Montreal Global Biodiversity Framework (GBF) encourages innovative finance, including biodiversity credits, with environmental and social safeguards. In response to that call, policy interest towards crediting mechanisms has been growing.

As of July 2026, 48 countries across five continents mention biodiversity credits in their National Biodiversity Strategies and Action Plans (NBSAPs) or Seventh National Reports, excluding references limited to compliance offsets. Yet demand remains weak. Supply is advancing faster than buyers' interest, and voluntary purchases are still largely driven by corporate positioning. Estimated total sales since 2022 are only about USD 7 million.

THE GOVERNMENT CHALLENGE

For governments adopting biodiversity credits, the immediate question is not only how to issue credits. It is also how to create a credible policy framework that channels private finance towards NBSAP priorities and measurable progress under the GBF, while protecting ecological and social integrity.

KEY DECISIONS GOVERNMENTS NEED TO MAKE

1

WHAT ROLE SHOULD GOVERNMENTS PLAY IN MARKET GOVERNANCE?

Governments can choose between setting national methodologies and eligibility rules or recognising credible private standards.

They can also decide whether to establish registries and reporting systems, define minimum monitoring and verification requirements, and establish safeguards for participation, benefit sharing, and transparency.

The central trade-off is between regulatory certainty and space for the private sector to shape the emerging market.

2

HOW SHOULD CREDITS CONTRIBUTE TO NBSAP AND GBF DELIVERY?

Projects can be required to report how their biodiversity outcomes and financial flows contribute to specific national targets, or governments can treat credits primarily as a source of additional conservation finance.

Linking projects to national priorities, monitoring systems, and reporting cycles provides a stronger link between private investment and public biodiversity outcomes, but it risks burdening project developers with additional reporting obligations.

3

HOW SHOULD CREDITS FIT WITHIN THE WIDER FINANCE LANDSCAPE?

Biodiversity credits will coexist with carbon finance, payments for ecosystem services, public conservation budgets, and biodiversity compensation requirements.

Governments need clear institutional mandates and rules that allow these instruments to complement one another, while preserving the distinct purpose and claims associated with non-offset biodiversity credits.

4 **HOW CAN GOVERNMENTS STIMULATE DEMAND FOR BIODIVERSITY CREDITS?**

Limited demand remains the main barrier to establishing biodiversity credit markets. Governments can help create demand by offering incentives for companies that invest in biodiversity outcomes within their own value chains and sourcing landscapes, rather than using credits to compensate for impacts elsewhere.

Tax deductions or priority in public procurement processes can encourage companies to establish insetting projects and to use biodiversity credits as a tool to demonstrate their positive impact.

THE CASE OF PERU: BUILDING INTEGRITY FROM THE START

On 30 December 2025, the Ministry of Environment (MINAM) published draft guidelines for the design and operation of biodiversity credit projects (RM 00352-2025-MINAM) for public consultation.

The draft defines credits, sets integrity principles and priority areas, and provides non-binding guidance on baselines, monitoring, safeguards and benefit sharing. It forms part of a broader process involving MINAM and SERNANP to establish the foundations for a national mechanism.

NEW INSTRUMENT	EXISTING PAYMENT FOR ECOSYSTEM SERVICES	COMPLIANCE CONTEXT
Voluntary biodiversity credits designed to finance positive outcomes for nature.	MERESE, Peru's voluntary payment for ecosystem services mechanism, has operated since 2014.	The Environmental Impact Assessment regulation requires compensation for certain negative ecosystem impacts, serving a different regulatory purpose.

Relevant frameworks: MERESE and SEIA.

Peru will have to position non-offset credits alongside established climate finance and regulatory instruments. Its experience offers a practical test of how governments can build market integrity, policy coherence, and alignment with national biodiversity priorities from the outset.

HOW CLIMATE FOCUS CAN SUPPORT GOVERNMENTS

FROM POLICY AMBITION TO AN OPERATIONAL, HIGH-INTEGRITY MECHANISM

Climate Focus brings more than 20 years of experience in carbon markets and climate policy to the design of regulatory frameworks promoting high-integrity biodiversity credits.

In Peru, our support covers the review of international experience and available methodologies, the definition of legal and institutional requirements, assessment of options for a national registry, and the drafting of regulatory instruments for MINAM.

This work combines technical analysis with structured stakeholder engagement. Dialogue has included the Biodiversity Credits Alliance, BIOFIN, project developers, investors and European institutions, alongside opportunities for input from national and subnational authorities and Indigenous organisations. This approach helps governments test policy choices against market practice, public objectives and the realities of implementation.

Climate Focus helps governments design biodiversity credit mechanisms that are credible to buyers, aligned with NBSAPs and GBF targets, and workable within national institutions.

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