SCALING BIODIVERSITY MARKETS

A MARKET STUDY

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Scaling biodiversity markets: A market study

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Published by the European Investment Bank.

Printed on FSC® Paper.

pdf: QH-01-26-018-EN-N ISBN 978-92-861-6180-3 doi: 10.2867/5921782

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ABBREVIATIONS

Art. 29 LEC	Article 29 of the “Loi Energie Climat” (Climate and energy law of 2019)
BCA	Biodiversity Credit Alliance
BIOFIN	Biodiversity Finance Initiative (by UNDP)
CNPN	“Conseil national pour la protection de la nature” (National Council for Nature Protection, part of the Ministry of Environment)
CPIC	Coalition for Private Investment in Conservation
COP	Conference of the Parties
COP15	Conference of the Parties 15, also called 2022 United Nations Biodiversity Conference in Kunming-Montreal
CSR	Corporate social responsibility
CSRD	Corporate Sustainability Reporting Directive
CSRPN	“Conseil scientifique régional du patrimoine naturel” (Regional Scientific Council for Natural Capital)
DREAL	“Direction régionale de l’environnement, de l’aménagement et du logement” (Regional Directorate for the Environment, Planning and Housing)
ESG (Strategy)	Environmental, social and governance
EU	European Union
GBF-KM	Global Biodiversity Framework – Kunming-Montreal
GDP	Gross domestic product
ha	Hectare
IAPB	International Advisory Panel of Biodiversity Credits
OFB	“Office français de la biodiversité” (French Biodiversity Office)
SBTN	Science-Based Targets Network
SFDR	Sustainable Finance Disclosure Regulation
SNC	Natural Compensation Site
SNCRR(s)	«Site Naturel de Compensation, Restauration et Renaturation » (Natural Compensation, Restoration and Renaturation Site(s))
TNFD	Taskforce on Nature-Related Financial Disclosures
UC(s)	Compensation unitU(s)
UCRR(s)	Compensation, restoration and renaturation unitU(s)

EXECUTIVE SUMMARY

Context, rationale and methodological approach

Biodiversity loss is a critical global challenge that threatens the balance of nature and ultimately the foundations of our economies and societies. According to the European Central Bank, 75% of EU corporate bank lending relies heavily on at least one ecosystem service, a service provided by nature such as water or pollinators. As a result, policymakers, banks and businesses increasingly recognise the severe threat to financial stability and the broader economy linked to biodiversity loss. In response, the international community has set ambitious targets for ecosystem restoration and financing through frameworks such as the Global Biodiversity Framework (GBF-KM) and the EU Biodiversity Strategy for 2030.

Despite a growing commitment to stop nature loss, not enough is being invested. The shortfall is estimated to be as high as $722 billion and $967 billion every year.[1] Investment in biodiversity remains too dependent on public money as private companies rarely invest in protecting and restoring nature beyond what the law forces them to do.

To fix this, new market-based tools are appearing to encourage private companies to voluntarily fund actions that have a positive impact on nature. These schemes go by many different names, such as biodiversity credits, nature credits and biodiversity certificates. This study focuses on *biodiversity certificates,* defined as standardised units that attest to positive biodiversity outcomes, aligning with the emerging regulatory framework in France. These certificates provide a practical mechanism for businesses and financial stakeholders to fund restoration projects while integrating biodiversity into their broader strategies, reporting and risk management.

Commissioned by the European Investment Bank (EIB) and conducted in partnership with CDC Biodiversité and the InvestEU Advisory Hub, this study explores the demand for voluntary biodiversity certificates among French corporates and financial institutions. The objective is to inform EU-wide market design and policy recommendations. The research relies on an empirical placement exercise of high-integrity biodiversity certificates issued by CDC Biodiversité. It draws upon both quantitative survey data and qualitative interviews from 37 senior ESG and finance executives in France.

Although we focused on France – a pioneer in biodiversity certificates – our diverse and experienced group of participants means these findings are highly relevant for shaping policies across the European Union.

Main conclusions

The primary findings regarding the drivers of, and barriers to, biodiversity financing are summarised below. This section also outlines respondents' suggestions for how EU public authorities can help scale up voluntary contributions.

[1] Paulson Institute, The Nature Conservancy and Cornell Atkinson, *Financing Nature: Closing the Global Biodiversity Financing Gap*, 2020.

Biodiversity as a strategic topic for the respondents

Biodiversity is increasingly a boardroom priority, driven primarily by evolving regulatory requirements. Both corporate and financial institutions recognise their impact on, and dependence upon, natural ecosystems. Most have already conducted double materiality assessments and engaged in nature-related initiatives. Corporations tend to favour philanthropic donations and direct investments in their operating sites, whereas financial institutions emphasise client project financing and nature-based solutions. While there is broad interest across all ecosystem types targeted by the EU Nature Restoration Regulation, corporations prioritise terrestrial and river ecosystems, while financial respondents focus on forestry and agriculture.

Participants see the competitive advantage of investing in nature. However, practical, financial and policy barriers limit their investments and certificate purchases.

Participants are motivated to finance biodiversity to manage risks, enhance environmental, social and governance (ESG) reporting and strengthen their competitive market position. Nevertheless, four primary barriers persist:

- **Policy misalignment:** A lack of integration between biodiversity financing tools (including certificates) and broader economic and policy frameworks, such as the EU Nature Restoration Regulation.
- **Data limitations:** An absence of standardised datasets and methodologies for assessing biodiversity gains and losses across diverse species and ecosystems.
- **Financial viability:** The lack of a clear financial return on investment for biodiversity initiatives.
- **Market maturity:** The currently limited market size and perceived credibility of biodiversity certificates as financial instruments.

Respondents know little and remain cautious about purchasing biodiversity certificates

Although awareness of biodiversity certificates is growing, it remains significantly lower than that of carbon credits. Most respondents hesitate to buy these certificates because of uncertainties regarding pricing, credibility and because they are unsure how to integrate them into their existing reporting frameworks. Furthermore, the perceived unit price is often considered too high. This reflects limited market maturity and a tendency to use the carbon market as a benchmark, indicating that the face value of biodiversity certificates is a crucial factor for buyers.

Respondents have suggested a variety of regulatory, policy, financial and market-based solutions to mobilise more private capital for voluntary biodiversity financing

Participants identified five priority areas for scaling voluntary biodiversity finance:

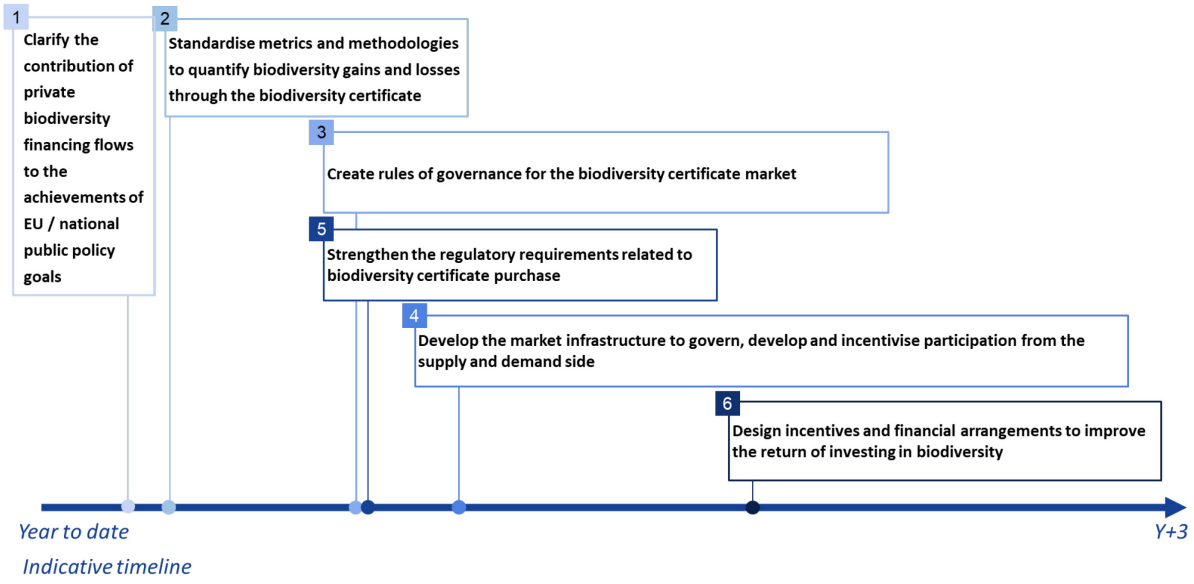
- **Regulatory framework:** Standardising and clarifying rules at the EU level, directly linking certificates to EU public policy objectives, and introducing targeted mandatory requirements for certificate purchases.

- **Instrument credibility:** Improving the transparency and standardisation of certificates on a large scale, while refining methodologies for measuring impact and quantifying biodiversity gains.
- **Capacity building:** Enhancing corporate understanding of biodiversity risks, ecological benefits and the practical application of certificates.
- **Financial incentives:** Utilising tax credits, grants and innovative financing mechanisms to improve returns on biodiversity investments, aid price discovery and address market failures.
- **Market design:** Establishing an EU-wide biodiversity certificate market, supported by digital marketplaces and local hubs to facilitate transactions and project development.

Recommendations

Based on these findings, the report proposes six recommendations for EU and national policymakers. While varying in priority, these highly interdependent recommendations collectively aim to define and expand the voluntary biodiversity financing market by aligning private sector needs with public policy goals.

The first four recommendations focus on the broader development of nature markets, encompassing biodiversity credits, nature credits and biodiversity certificates. The fifth recommendation outlines ways to turn biodiversity certificates into mandatory purchases (such as biodiversity credits) for specific corporate actions. Finally, the sixth recommendation focuses on designing supportive measures to encourage the uptake of voluntary instruments. These six recommendations are summarised in the indicative implementation timeline below.



1 INTRODUCTION

1.1 Context of the study

The collapse of biodiversity, which refers to the variety of life on Earth, is a major issue causing significant ecological imbalances. The essential role of biodiversity as a backbone of our societies and economies is increasingly recognised by intergovernmental organisations, NGOs and scientists, including the Convention on Biological Diversity, the United Nations, Organisation for Economic Co-operation and Development (OECD), World Economic Forum and so on. The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services has identified that biodiversity loss is directly and indirectly caused by anthropogenic actions and that the biodiversity crisis and climate change are interlinked crises that should be addressed together – making it a societal responsibility to curb and reverse the negative impact of our society on biodiversity.

Biodiversity loss poses a major threat to our global economic and financial system. We estimate that 55% of the world's gross domestic product (GDP) depends on nature and ecosystem services (Strategy & PwC, 2023). These services highly depend on biodiversity and often cannot be substituted by any viable technology. The risks associated with ecosystem degradation are becoming increasingly salient thanks to better scientific understanding and greater public awareness: economic stakeholders consider biodiversity loss the second most potentially damaging risk for the next decade (World Economic Forum, 2025). In addition, the collapse of certain ecosystem services could reduce global GDP by $2.7 trillion per year by 2030 (Johnson et al., 2021). When it comes to the euro area specifically, it is estimated that 75% of EU-based corporate bank lending is highly dependent on at least one ecosystem service and that any water scarcity and droughts could lead to potential output losses of up to 30% in highly exposed sectors, such as agriculture (Ceglar et al., 2025). This is paired with a greater sensitivity of companies and investors to issues related to supply chain disruptions, natural resource scarcity and transition risks linked to regulatory pressures, changing stakeholder demands and market design considerations.

In response to this challenge, the international community has made biodiversity a strategic priority. The institutional framework to address biodiversity loss emerged in the 1970s, initially focusing on national environmental laws to ensure that project developers avoid, reduce and then compensate for any negative impact on nature (that is, respect the mitigation hierarchy), before extending to multilateral normative public strategies. The Convention on Biological Diversity, ratified in 1992 at the Rio Summit, established objectives for the conservation, sustainable use of biodiversity and equitable use of natural resources. The Convention on Biological Diversity is now being carried out through the GBF signed at Conference of the Parties 15 (COP15) in Kunming-Montreal in 2022 by 154 countries (referred to as GBF-KM). The GBF-KM sets 23 global targets to be achieved by 2030 for the protection and sustainable use of biodiversity, specifically aiming at restoring 30% of the world's degraded terrestrial and aquatic ecosystems (Target 2) and by mobilising $200 billion per year globally for biodiversity (Target 19).

Since 2009, the European Union has been developing and implementing strategies to protect nature and restore biodiversity. Introduced in 2020 as part of the European Green Deal, the EU Biodiversity Strategy for 2030 aims to reverse biodiversity loss within 15 years. In line with the Biodiversity Framework, it aims to protect 30% of terrestrial and marine ecosystems, restore 20% of degraded ecosystems, halve pesticide use and integrate biodiversity considerations into all economic sectors. This strategy is implemented through regulations that embed sustainability within economic and financial activities, including the need for economic stakeholders headquartered or operating in the European Union to report on biodiversity dependencies and impact under the Corporate Sustainability Reporting Directive (CSRD). In June 2024, the NRR was adopted, defining legally binding obligations for the restoration of degraded European ecosystems in line with the 2030 Strategy's objectives. This comes on top of environmental policies, strategies and reporting and transparency obligations set up by individual EU countries. As an EU regulation, it is binding in its entirety and applicable across all EU members without the need for national transposition measures.

Beyond policy development, the European Union, notably through the EIB, plays a critical role in financing biodiversity initiatives. The EU Biodiversity Strategy for 2030 aims to unlock at least €20 billion of investment per year for nature, while the E has decided that the long-term EU budget for 2021-2027 should allocate 7.5% of annual spending to biodiversity in 2024, increasing to 10% in 2026 and 2027. The EIB supports nature-based solutions through loans, guarantees and advisory services.

Although there is institutional awareness of the need to curb biodiversity loss, a large financing gap remains, and private stakeholders have yet to be crowded into the biodiversity financing market in a scalable way. Nature remains undervalued in corporate reporting and business decision-making, limiting the mobilisation of financial solutions. To date, **the financing needs for biodiversity are estimated between $722 and $967 billion annually** (Deutz et al., 2020), far exceeding the $200 billion annual contribution goals set by the GBF-KM or the current amount of biodiversity financing. This financing gap is largely due to the reliance on limited public funding and the low participation of companies and financial institutions in the financing of ecosystem preservation and restoration beyond their regulatory biodiversity offset requirements.

In this context, a variety of instruments with the purpose of financing (and mobilising extra private finance for) ecological restoration and conservation projects are emerging. These instruments rely on the same underlying approach, which is to provide financing for a standardised and measurable unit of nature-positive action occurring at a specific, monitored ecological site. However, they differ notably in their implementation mechanisms.

Biodiversity credits have emerged from regulatory frameworks that embed the mitigation hierarchy in environmental regulations and impose the mandatory purchase of biodiversity credits to offset unavoidable and non-reducible ecological effects from an industrial project. Because biodiversity credits are purposed to fulfil regulatory obligations, their integrity and results are verified and certified by public authorities. Such regulatory developments have led to the creation of instruments where the same type of standardised unit of ecological gains, benefiting from public authority oversight and certification, **can be bought not as a regulatory compliance tool but as a voluntary, nature-positive contribution.** It is worth noting here that

the European Commission calls such instruments **nature credits**, which can be issued on the basis of certificates of integrity of high-quality, nature-positive actions. However, certain countries such as France use the term **biodiversity certificates** to describe this instrument. The divergence in terminology is due to the new and ongoing emergence of standards and frameworks around voluntary-based instruments to finance biodiversity, with consensus expected to grow in the medium to long term.

In this study, we define a biodiversity certificate – in line with the emerging French regulatory framework and terminology – as a standardised unit, acquired voluntarily, that quantifies and attests to a positive action for biodiversity. It allows economic stakeholders to finance biodiversity restoration and preservation projects in exchange for a certificate that guarantees this commitment. This instrument enables economic stakeholders to materially understand their voluntary contributions within their strategy: to meet reporting obligations, to explore a way to manage their physical or transition risks (when integrated into their scope or value chain) and to integrate natural assets within the management of their business model. The Commission, through the *Roadmap towards Nature Credits* published in July 2025, is exploring the potential role of nature credits (which are closely related to the biodiversity certificate as defined and in scope of this study) to scale up nature-positive finance.

While many initiatives aim to bring out different types of standardised and quantified unit of nature-positive actions (covering methodology, governance system, measurement units, guarantees and certification), the French state decided in 2023 to position itself at the European and global level by proposing a biodiversity certificate system, whose integrity it can guarantee and in which it oversees and verifies the achievement of the ecological objectives of the projects. This system, named "Site Naturel de Compensation, Restauration et Renaturation" (Natural Compensation, Restoration and Renaturation Site), was created under the provisions of the 2023 "Loi Industrie Verte" (Green Industry Law). Its implementing decrees, published in 2024, specify the procedures by which an accredited operator of a restoration and renaturation site (SNCRR) – under the supervision of the state's' instructing services – carries out large-scale ecological restoration operations on degraded ecosystems over a period of 30 years. These are referred to as "high-integrity" biodiversity certificates because the regulatory framework of the system, as designed by the "Loi Industrie Verte," complies with the recommendations of the International Advisory Panel of Biodiversity Credits (IAPB).

CDC Biodiversité, a first-tier subsidiary of the Caisse des Dépôts Group, is the pioneering issuer of high-integrity biodiversity certificates in France. With triple expertise in land, finance and ecology, CDC Biodiversité acts for the restoration of ecosystems in the territories by creating, experimenting and deploying long-term solutions with public and private stakeholders. As the operator of the SNCRR sites in Cossure (13) and Cros-du-Mouton (83), CDC Biodiversité carried out the first sales of biodiversity certificates in France from these two sites in 2021 and 2024. It actively contributes to the emergence of the voluntary market for biodiversity certificates in France – particularly those from the SNCRR system benefiting from accreditation by the French state.

1.2 Objectives of the study

In light of the urgency to act to meet NRR targets and close the biodiversity financing gap, the EIB and CDC Biodiversité are collaborating to study the demand for voluntary biodiversity certificates and gather the views of the private sector on how to further mobilise private flows for financing biodiversity-positive actions.

Through an empirical placement exercise of the high-integrity biodiversity certificates of CDC Biodiversité towards French corporates and financial respondents, this study is framed as a "market discovery" exercise, which aims to identify and understand the market's needs, opportunities and dynamics related to voluntary biodiversity financing, to formulate evidence-based recommendations for the design of the voluntary biodiversity certificate market.

Although the study targets French stakeholders only, many of the respondents have operations, with biodiversity-related financial and business considerations, at the EU and global levels. Additionally, France is a pioneer in providing a regulatory and actionable framework for biodiversity certificates; hence, we presume that local economic stakeholders have a higher level of knowledge or awareness on biodiversity certificates, which can inform their decisions. As such, we consider that this study can be useful to derive broader EU recommendations on biodiversity certificates and, more generally, on private biodiversity financing.

How does this study interact with the Commission's initiatives on biodiversity?

The recommendations resulting from this study have been designed so as to support and create synergy with the main initiatives set out by the Commission on biodiversity conservation and restoration financing: the Nature Restoration Regulation (NRR) and the *Roadmap towards Nature Credits*.

Nature Restoration Regulation

The Commission aims to restore at least 20% of EU land and sea by 2030 and all degraded ecosystems by 2050. To deliver this, the Commission requires EU members to prepare National Restoration Plans detailing where and how habitats will be restored. Key actions include rewetting peatlands, reconnecting rivers, increasing tree cover, improving agricultural biodiversity, enhancing urban green areas and monitoring pollinator recovery – all under a "non-deterioration" rule that prevents restored areas from degrading again. The NRR puts private sector mobilisation as a success and sine qua non condition for the achievement of its targets. The recommendations of this study incorporate considerations for the use of biodiversity certificates to support the achievement of NRR targets.

Roadmap towards nature credits

The Commission seeks to mobilise significant private investment for biodiversity by creating a credible, voluntary market for "nature-positive" actions. It will develop EU-wide methodologies and governance standards, establish an expert group and run pilot projects to test how credits can be generated, verified and traded. By 2027, the Commission aims to introduce the first joint EU nature-credit project, aligning the system with broader

biodiversity and climate objectives while complementing public funding for nature restoration. The recommendations of this study are fully aligned with the roadmap and further detail some of the actions planned under the *Roadmap towards Nature Credits*.

1.3 Methodological approach

1.3.1 Study design

This market discovery study builds on a bottom-up analysis of the demand for CDC Biodiversité's high-integrity biodiversity certificates in France. It involved a consultation with French corporates and financial respondents, aiming at understanding their drivers and barriers to purchase CDC Biodiversité's high-integrity biodiversity certificates, and also included the collection of qualitative and quantitative information on their biodiversity financing track record, motivations and barriers, as well as their views on policy and financial recommendations that would support the increase of private capital in favour of biodiversity.

The chosen approach was to analyse only the demand side, prioritising responses from more mature stakeholders – that is, those demonstrating a higher grasp on the topic – to ensure that the resulting insights came from knowledgeable sources (see "Sample Composition" section).

It is important to note that the specificities of CDC Biodiversité's offering and the French biodiversity certificate framework provided the context for the study in France and framed the discussions with the respondents, which was useful to explore how biodiversity certificates could be improved to boost biodiversity financing. Also, the recommendations that were explored with the participants included policy or regulatory actions that could be taken by the Commission or EU members to incentivise private participation in this market. When formulating the recommendations below, efforts were made to account for actionability, consistency and synergy with ongoing or planned initiatives, while addressing the barriers faced on the demand side.

1.3.2 Data collection methods

The results are based on two datasets: quantitative and qualitative data collected through an online survey and extra qualitative insights gathered via structured interviews with the same respondents, allowing us to explore their answers in greater depth and capture more nuanced insights.

1.3.2.1 Online survey

An online survey was used to collect quantitative and qualitative data on the past, current and future voluntary biodiversity financing contributions. The survey included mostly closed questions (such as multiple-choice questions, ranking questions and Likert scale-based questions) to gather statistics and request respondents to objectively prioritise certain propositions. Open-ended questions with text boxes to enable respondents to formulate their reflections and recommendations in their own terms were also included to a lesser extent.

Information on the outreach, structure and response rate to online survey is available in Annex 1: Supplementary information on the online survey.

1.3.2.2 Interviews

Structured interviews were used to collect further qualitative information on the drivers, barriers and needs of broadly the same sample. The interviews were conducted, to the extent possible, with one representative of the EIB and one representative of CDC Biodiversité working at the "Mission économie de la biodiversité." One to three interviewees attended each interview, enriching the discussion through nuances and complementary viewpoints on biodiversity finance.

Information on the structure and number of interviews conducted is available in Annex 2: Supplementary information on the structured interviews.

1.3.3 Sample composition

1.3.3.1 Outreach strategy

The chosen outreach strategy aimed to secure a comprehensive, diverse and knowledgeable sample of participating French economic stakeholders, ensuring that the present market discovery study adds value and insights to the existing literature on the voluntary biodiversity finance market.

The sample was constructed on the following basis:

- **Private sector only**: We excluded any public investors or public stakeholders to capture feedback exclusively from private stakeholders, as the private stakeholders have historically provided low levels of funding towards biodiversity and are the ones who need to be crowded into ensure the uptake of voluntary biodiversity markets. Economic stakeholders with public shareholders were allowed in the sample.
- **Diversity of stakeholders**: We equally targeted commercial and investment banks, asset managers and corporates and, to a lesser extent, private insurance respondents to capture a wide pool of potential direct investors of biodiversity projects.
- **Understanding and strategic consideration of biodiversity**: We targeted entities that have invested in biodiversity or shown interest in the topic for several years to gather insights from stakeholders who are relatively more knowledgeable and hence able to provide richer insights. We did so by selecting entities that follow voluntary ESG/nature reporting frameworks (Science-Based Targets Network (SBTN) and Taskforce on Nature-Related Financial Disclosures (TNFD)) or have taken biodiversity-related commitments through membership in dedicated associations (Entreprises Engagées pour la Nature, IAPB).

1.3.3.2 Sample description

1.3.3.2.1 Descriptive statistics

In total, 36 survey responses were recorded and 37 interviews were conducted. A breakdown of the number of survey responses and interviews per type of respondents is displayed in Table 1.

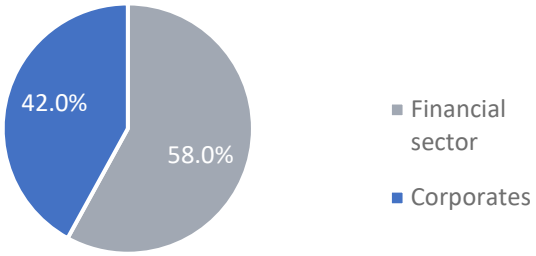
Table 1: Typology of participants for survey and interview

Typology of participant	Asset managers (financial stakeholders)	Banks (financial stakeholders)	Insurers (financial stakeholders)	Corporates	Total
Number of survey responses	10	10	2	14	36
Number of interviews	11	10	1	16	37

While most respondents participated in both the online survey and interviews, three respondents (two corporates and one asset manager) participated in the interview but did not reply to the survey, whereas one insurer replied to the survey but did not participate in the interview.

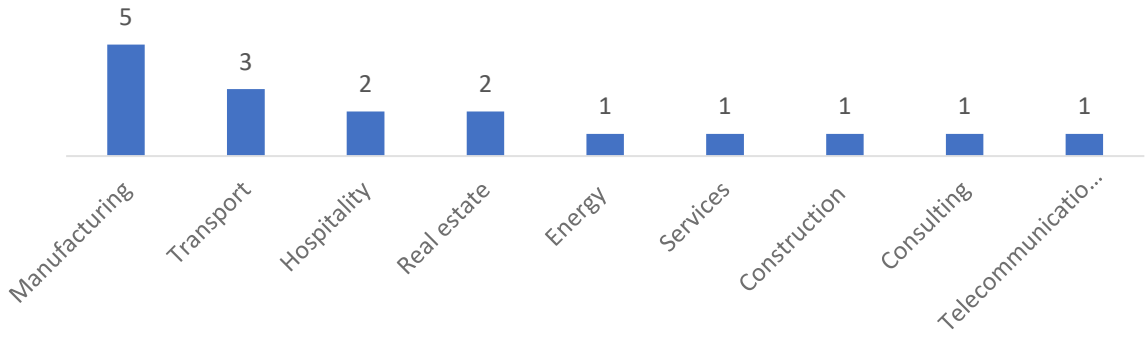
On average, across both data collection methods, 59% of respondents belong to the financial sector, whereas 41% of respondents are corporates (see Figure 1). Almost all participating respondents are large economic stakeholders with more than 5 000 employees, except one small asset manager reporting fewer than 250 employees.

Figure 1: Share of participants per category of respondents



The corporates interviewed operate across nine different sectors, mostly in the manufacturing industry (cosmetics, luxury goods, waste management, by-products, energy), transport, hospitality and real estate (see Figure 2).

Figure 2: Number of corporates per sector



1.3.3.2.2 Maturity and interest for biodiversity

The outreach strategy aimed to gather insights from economic stakeholders with a previous track record of biodiversity efforts, more specifically from representatives who could properly shed light on the company's strategic drivers and considerations for biodiversity financing.

The successful implementation of the outreach strategy was confirmed first by the profile of representatives who have answered the survey and participated in the interviews: the 36 respondents were mostly senior executives working in the field of ESG and/or finance strategy, including, but not limited to the chief executive and board member, the head of ESG and sustainability, the head of sustainable finance, the environmental risk manager and so on.

This was also confirmed through the analysis of the first section of the online survey. More than 75% of respondents declared that their company is both dependent on and has an impact on biodiversity, with 100% of corporates and 95% of financial respondents declaring having an impact on biodiversity (Figure 3). This confirms that the respondents have enough information and knowledge to recognise the relationship between their business operations and biodiversity. Additionally, most respondents have been interested in biodiversity for more than two years. Half (50%) of corporates have been interested in these topics for more than ten years (Figure 4), which may be linked to their business models being comparatively more reliant on or closely linked to biodiversity considerations than those of financial respondents. Some of the companies interviewed are subject to regulatory environmental assessments and biodiversity offset obligations in relation to their core business activities (for example, in the sectors of transport, real estate and construction) and have been more prone to develop knowledge to proactively tackle biodiversity requirements.

Figure 3: Share of respondents that are dependent or have an impact on biodiversity

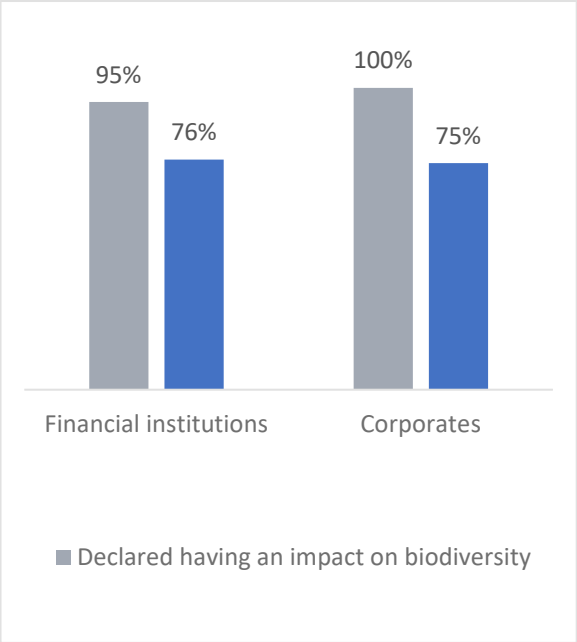
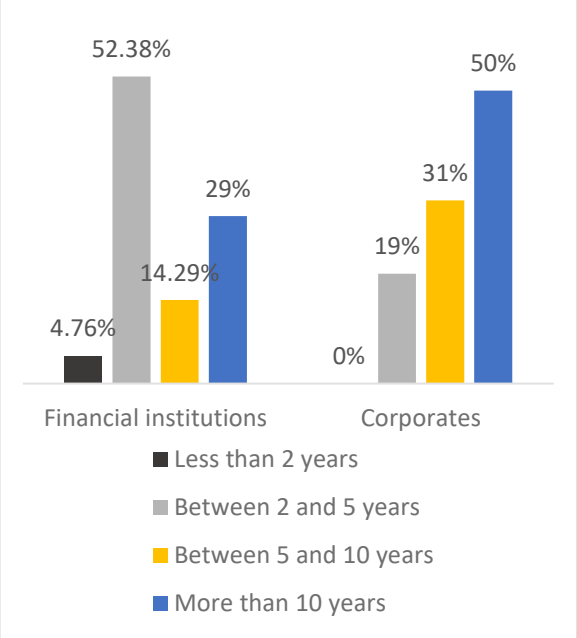
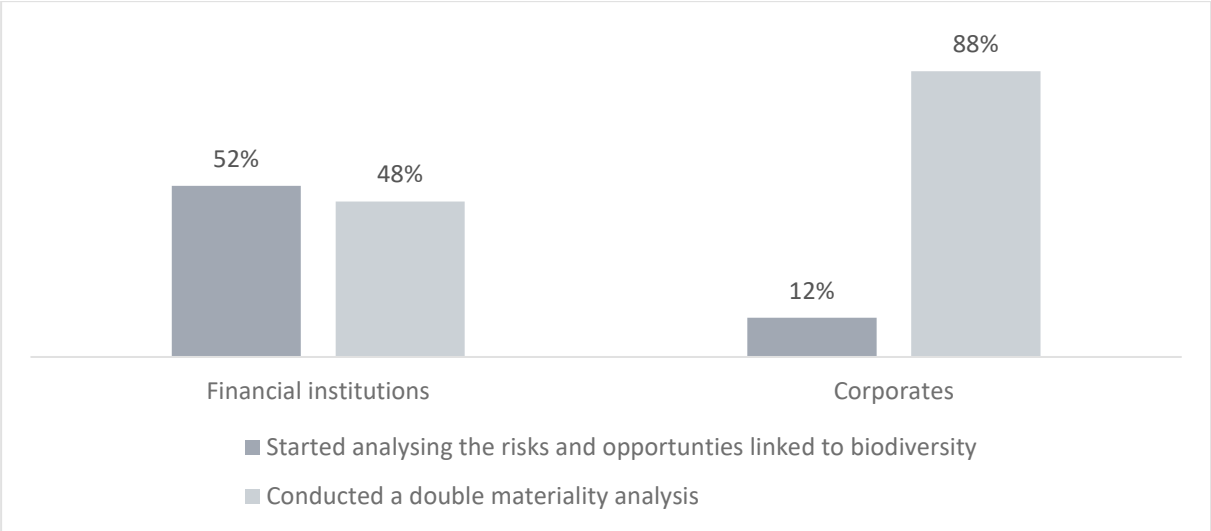


Figure 4: When the company began taking an interest in biodiversity



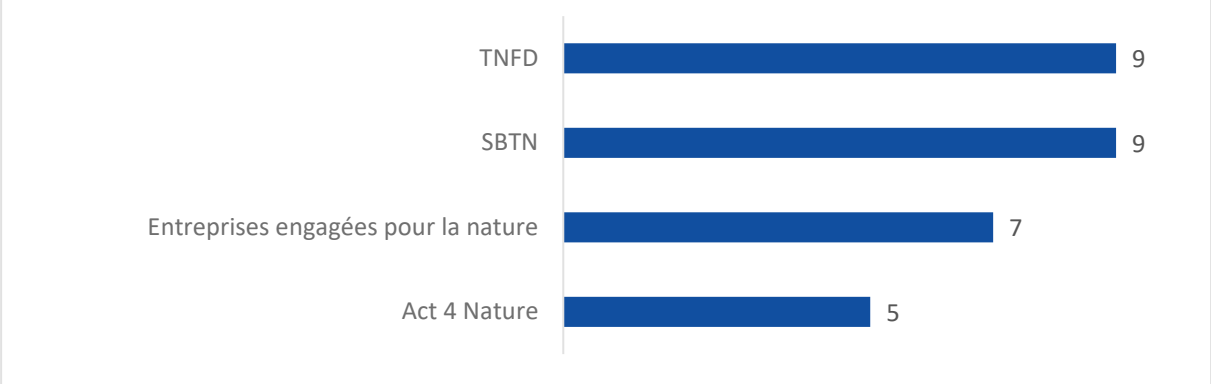
Additionally, all **surveyed companies have communicated on having conducted a double materiality analysis, including an assessment of biodiversity impacts, risks and dependencies** – in line with most corporates being subject to CSRD reporting, which requires a double materiality analysis. Among financial respondents, fewer than half have conducted a double materiality analysis, including some who are subject to sustainability reporting. Yet, even those that have not conducted such an analysis have all started analysing the risks and opportunities linked to biodiversity (Figure 5). Note that no information was collected on the quality, relevance and objectives stated in the results of the double materiality assessments or the assessments of biodiversity-related risks and opportunities. The statistics presented are based solely on self-reporting.

Figure 5: Share of respondents who conducted a double materiality analysis or an analysis of biodiversity risk and opportunities



The level of interest in biodiversity of the sample of respondents is also reflected by most of them **follow at least some international standards or belong to an association related to nature and biodiversity**. For instance, 18 respondents report on their nature commitments and actions in line with TNFD or SBTN guidance (Figure 6).

Figure 6: Number of respondents who participate in biodiversity-related initiatives



A final indication of the level of interest and maturity of respondents is the general efforts on knowledge gathering and exploration of the topic of biodiversity certificates conveyed during the interviews. Numerous respondents, both corporates and financial stakeholders, shared their innovation and research and development initiatives to further embed biodiversity in their product and financial services development and how these initiatives could be financed through biodiversity certificate issuance. Many other respondents expressed their interest in and conducted exploratory research on biodiversity certificate standards and, more generally, on the evolving ecosystem for biodiversity certificates and nature credits. Respondents showcased curiosity and awareness about biodiversity certificates, enriching the dialogue around recommendations to incentivise private finance uptake for biodiversity.

1.3.4 Limitations of the market study

The market study is subject to several key limitations. First, the research is primarily focused on France, which may limit the external validity of the findings beyond this context. However, respondents are relatively mature in the field of biodiversity and have substantial EU and international operational and/or financial exposure, which helps in providing more informed recommendations.

Second, the sample size, although modest and lacking in representation of the insurance sector, encompasses a diversity of sectors and includes banking and investment stakeholders, which enhances the representativeness and robustness of the results. The presence of knowledgeable and aware participants further adds to the quality of the data. Notably, within the existing literature about biodiversity financing markets, this study is one of those built with largest sample of respondents.[2]

Third, because the respondents are particularly informed and engaged on biodiversity topics, the results may present an optimistic outlook that does not fully capture the broader private sector landscape but rather focuses on the regulatory, policy or market-based actions desired by economic stakeholders considered "best in class" when it comes to biodiversity. To address this, recommendations in the study aim to encourage broader engagement and ensure that future actions target a wider range of stakeholders, thus supporting the achievement of EU biodiversity objectives.

Fourth, the study focuses on respondents' views, motivations and barriers for biodiversity certificates in the context of their respective biodiversity and biodiversity financing strategies. However, the study does not provide any objective comparative assessment of biodiversity certificates with other financing instruments, including how biodiversity certificates might better serve their motivations for biodiversity finance than alternatives. This limitation is partly addressed by the inclusion of key findings from discussions with some respondents comparing biodiversity certificates with voluntary carbon credits and philanthropic donations. However, a

[2] For example, Biodiversity Credit Alliance's *Demand-Side Sources and Motivation for Biodiversity Credits* (2023) is based on 29 survey responses, World Economic Forum and McKinsey's *Biodiversity Credits: Demand Analysis and Market Outlook* (2023) is based on 30 interviews. By comparison, our study is based on gathering feedback from 39 participants, through 36 survey responses and 36 interviews.

broader comparative assessment of nature financing instruments could be a useful inclusion in future studies on biodiversity certificates.

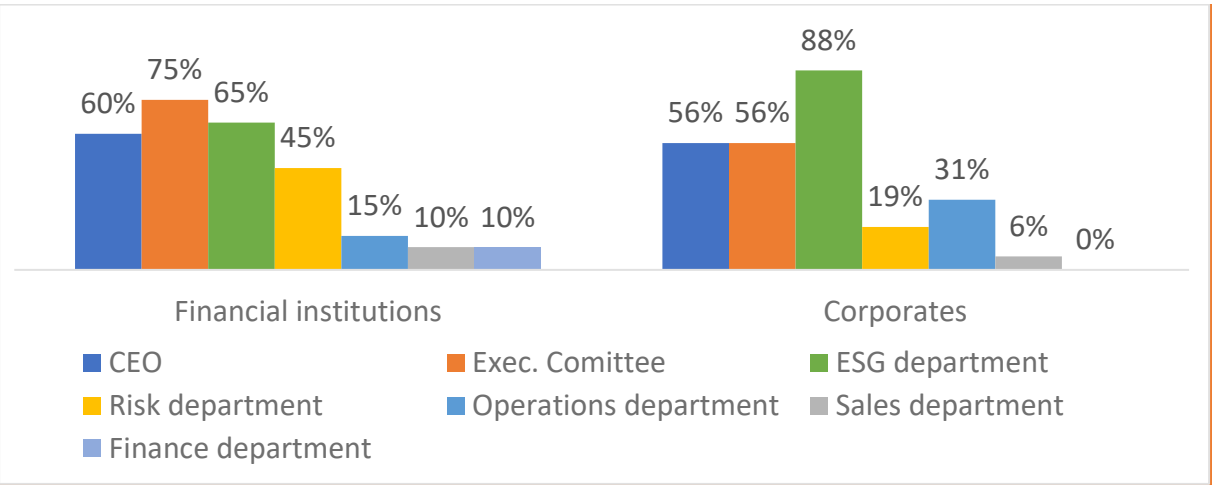
2 KEY FINDINGS

2.1 Measuring actions and sources of influences in favour of biodiversity

2.1.1 Biodiversity is a strategic topic, driven by regulatory considerations

Biodiversity is a strategic topic, discussed at the Executive Committee level, including with the chief executive (Figure 7). Financial respondents rely heavily on the Executive Committee (75%) for steering the integration of biodiversity considerations into firm's policy, followed by the ESG/sustainable finance department (65%), which helps define or manage product and investment policies. The chief executive also plays an important role (60%), bridging different viewpoints and business demands. Companies rely mostly on the ESG department (88%), followed by the chief executive and the Executive Committee (56% each), for forging the path forward on biodiversity. Interviews highlighted that companies discuss biodiversity at a strategic level and that top management direction for biodiversity policy, action and investment decisions is key. However, they consider their organisations as not mature enough to give biodiversity a central stage in their strategy (compared with other environmental goals such as CO_2 reduction). For both financial and corporate respondents, biodiversity is not yet fully integrated into their risk, operational and financing policies. The risk department is the most important driver in less than half of the overall sample; the financial department in less than a tenth of the sample.

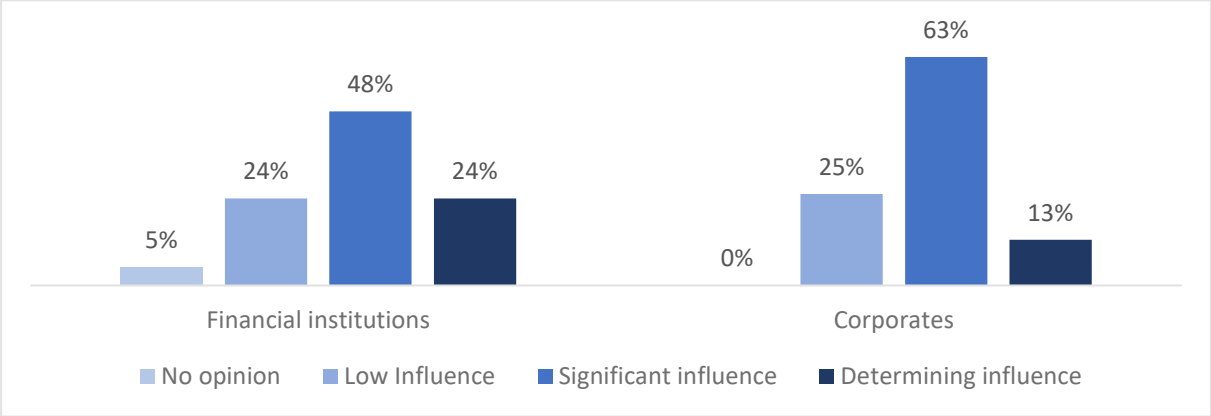
Figure 7: Groups that influences companies biodiversity efforts the most



The strategic consideration of biodiversity stems mainly from regulatory considerations (Figure 8). On average, 19% of financial and corporate respondents consider that regulation exerts a determining influence on how they consider biodiversity within their entity. A larger proportion of corporates than financial respondents consider that regulation significantly influences their nature-positive actions and considerations (63% vs. 48%). This could be explained by (i) some sampled companies being subject to mandatory biodiversity offsets (for example, construction and transport sectors) and others to CSRD reporting and (ii) 100% of

corporates having self-identified as impacting biodiversity and looking into the prescriptions of the regulatory and policy framework to address this dependence.

Figure 8: Level of influence of the regulatory framework on companies' biodiversity strategy and actions (in %)



These findings shed light on a paradoxical approach towards biodiversity from economic stakeholders: regulation drives and can even reinforce strategic considerations in the context of private sector backlash against sustainable finance regulations. The reduction in scope CSRD and Sustainable Finance Disclosure Regulation illustrates this trend towards lightening the regulatory framework for climate and nature. Yet the disclosure regulation is a reference point to companies with objectives to integrate biodiversity in their business model, whether they are in favour or against reducing regulatory requirements. Striking the right balance in terms of scope, timing, required efforts and stringency of requirements in the regulatory framework is paramount for effective market-based mobilisation.

2.1.2 Supporting biodiversity takes many forms, from gathering knowledge on regulatory obligations to financing biodiversity-positive initiatives within and across value chains

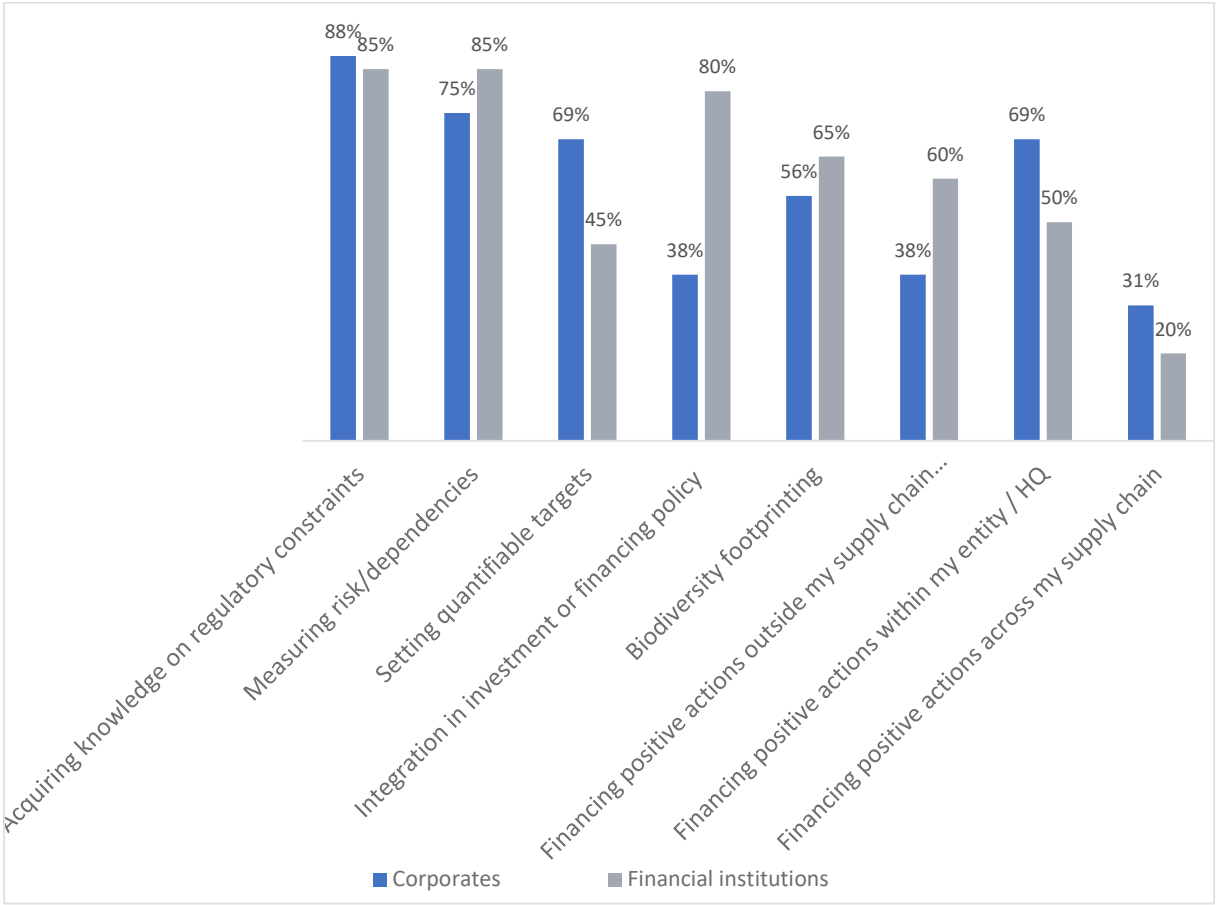
All corporates and financial respondents have reported taking at least two distinct nature-positive actions to integrate biodiversity in their business activities and strategy (Figure 9; based on self-reporting only). Corporates and financial respondents alike prioritise gathering information on environmental regulatory constraints and requirements and measuring their risk and dependencies about natural capital.

Corporates also heavily focus on financing nature-positive actions around their headquarters or outside their supply chain (for example, through philanthropy via their foundations; 69% and 38%). While this was not reflected in the survey, companies highlighted in interviews the importance of supporting their suppliers and other value-chain stakeholders in transitioning towards biodiversity-positive practices. Setting quantifiable targets and measuring their biodiversity footprint is also important (69% and 56%), thanks to their offset or environmental reporting obligations.

Most of the surveyed financial respondents (80%) integrate biodiversity as a factor into their investment and financial policies (for example, through exclusion, best-in-class and impact

investment strategies), compared with 50% who finance actions around their own entity's headquarters. Financial respondents prioritise actions through their portfolios rather than through direct, spot actions. During interviews, most financial respondents explained that they do not consider having a solid biodiversity impact related to their headquarters and other sites. Moreover, only 45% of financial respondents set biodiversity-related targets, showcasing that they are, in most cases, not yet ready to disclose and track commitments around biodiversity.

Figure 9: Actions taken in favour or in relation to biodiversity



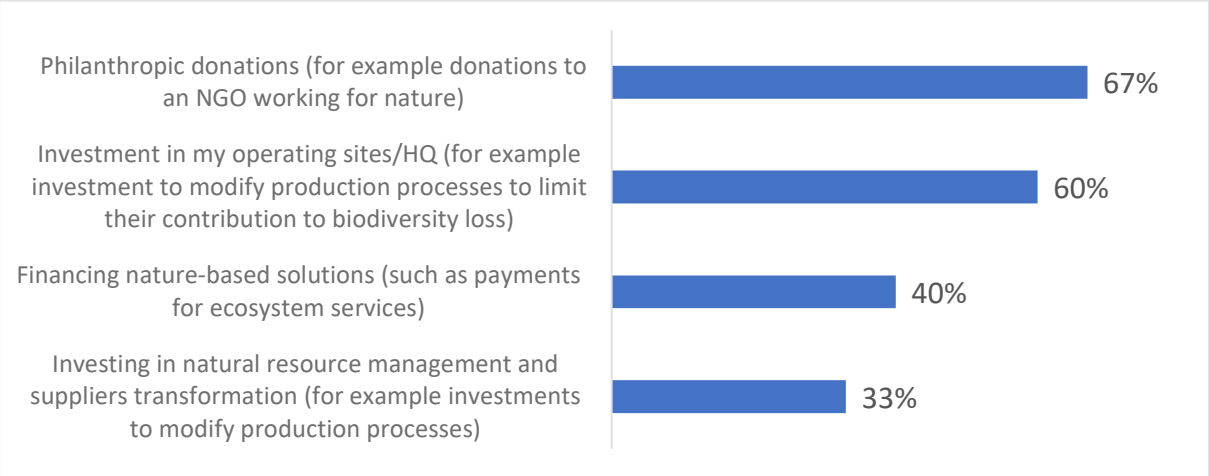
2.1.3 While corporates favour philanthropic donations and direct investments in operating sites for biodiversity financing, financial respondents emphasise financing biodiversity-related client projects

First, companies favour biodiversity financing through philanthropic donations, investments in biodiversity-positive production processes and nature-based solutions (Figure 10). Most corporates invest in biodiversity through philanthropic donations. As philanthropic budgets are often defined on an annual basis and dependent on the corporate's financial performance, this financing mode creates uncertainty around long-term financing commitments towards biodiversity. In addition, as this budget can be allocated to any type of vehicles or programmes considered suitable by the company, which can have widely varying standards for measuring, reporting and checking the (expected) biodiversity impact generated, philanthropic donations

also create uncertainty around biodiversity gains generated. Second, companies invest in or upgrade biodiversity-supportive processes, products and tools across their operating sites to reduce their impact. Third, corporates leverage nature-based solutions and natural resource management to reduce supply risk, reduce their biodiversity footprint and carry out their corporate social responsibility (CSR) strategy across all material activities. Only a third of corporates invest in natural resource management and support their suppliers' ecological transformation, making the financing tools with the greatest potential to drive ecological improvements the ones least mobilised by corporate stakeholders.

Interestingly, only one corporate has indicated carbon credit purchases, contrary to financial respondents (see next section). The pool of respondents does not seem to use carbon credits as environmental or biodiversity offsetting tools, although such use case has been widely documented and the demand for carbon credits generating positive nature co-benefits is on the rise (Castro, 2023).

Figure 10: Types of nature-positive investments/financing for corporates



By contrast, financial respondents favour nature-based solutions through targeted investments, philanthropic donations and the purchase of carbon credits (Figure 11). Their common approach is to finance nature-based solutions or biodiversity-related projects for clients. Interviews revealed that such investments take the form of transition finance, financing industrial and agricultural clients looking to switch to nature-based and nature-positive practices or production models.

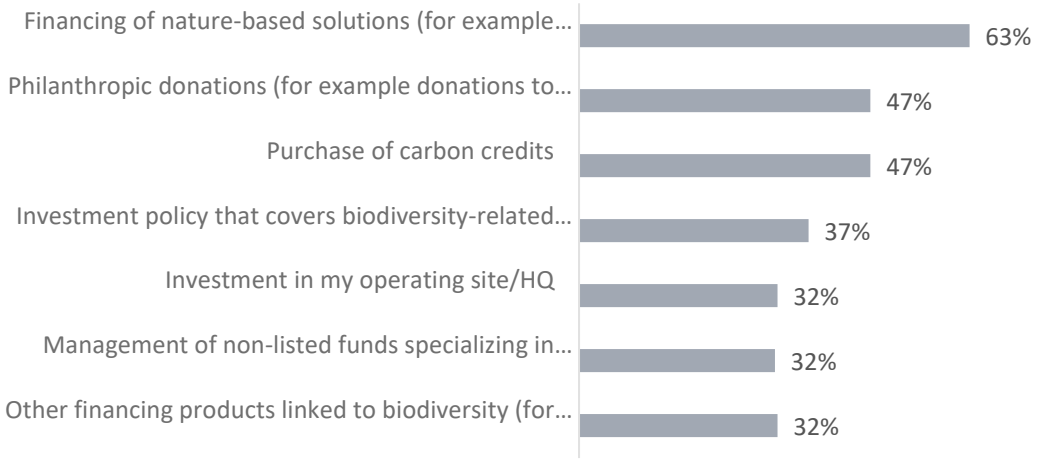
Philanthropic donations are also one of the preferred biodiversity financing instruments for financial respondents, partly due to the advantageous fiscal incentives tied to charity donations. However, as philanthropic donations are comparatively small compared to other types of investments and budgets for charity are negotiated annually based on the firm's financial performance and profits, long-term uncertainty around biodiversity funding holds for the private sector altogether.

This type of biodiversity financing activities is also dependent on the financial sector under consideration: asset managers embed biodiversity in their investment policies and manage

biodiversity-specialised funds, whereas banks introduce debt products with a biodiversity angle (for example, sustainability bonds).

Purchasing carbon credits is relatively more common among financial respondents (47% already bought them). While respondents acknowledged flaws in this market, they noted that **carbon credits are easy to invest in, have an affordable and transparent market price** and align directly with decarbonisation goals. Only one financial respondent has previously purchased a biodiversity certificate, confirming its limited market reach. It is worth noting that some respondents have expressed interest in valuing different nature co-benefits, such as carbon sequestration and biodiversity restauration, through a single financial product. However, such offer remains limited.

Figure 11: Types of nature-positive investments/financing for financial respondents



What is the possible accounting treatment applicable to biodiversity certificates?

It is important to note that there is currently no specific or authoritative regulatory framework for accounting for this instrument. Additionally, the accounting treatment will depend on the type of engagement with the biodiversity certificate instrument.

Engagement option 1: A company purchases a biodiversity certificate

One possible way to consider the accounting treatment is to consider the purchase of a biodiversity certificate as a service, and so it is recorded as a fixed and unique charge in the fiscal year of the biodiversity certificate purchase. The biodiversity certificate, being purchased for a voluntary contribution to biodiversity and not for negative impact compensation purposes, is not activated (considered as an asset) and so cannot be amortised over time.

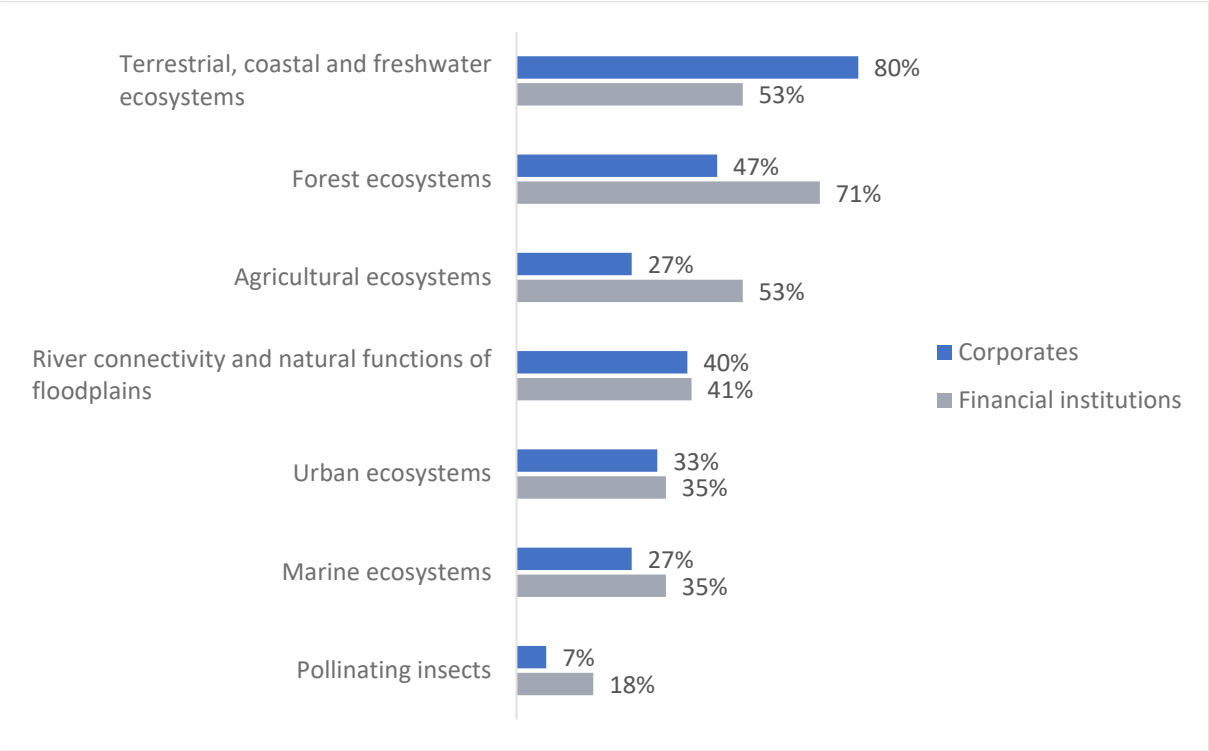
Engagement option 2: The company becomes a co-sponsor of an ecological restoration project from which biodiversity certificate are issued, and the company can benefit from these biodiversity certificates (for sale or own use)

Assuming that the co-investor company does not act as the operator of the ecological site and that this responsibility remains fully with the project promoter, the provision of biodiversity certificates to the co-investor is made by virtue of the contractual agreements established with the project promoter. From an accounting perspective, the accounting treatment of biodiversity certificates is not considered relevant for the co-investor; accounting standards for co-investment in a land asset or in the financing of ecological restoration services are applicable.

2.1.4 Private sector players showcase some interest in all ecosystems targeted by the Nature Restoration Regulation

Private sector players showcase some interest in all ecosystems targeted by the NRR, which creates a positive outlook on the realisation of all restoration targets (Figure 12). **Companies prioritise terrestrial (80%), forests (47%) and river ecosystems (40%)**, which fit their primary sector (real estate, manufacturing industry or energy with high dependence on water sources, transport…). **Financial respondents favour forest (71%), terrestrial and agricultural ecosystems (53% each)**. As a natural asset, forests receive financing from specialised asset managers or specialised funds from banks and asset managers. It has also been the case that some financial respondents hold forests as natural assets in their portfolio and are looking for valuation opportunities. Finally, the large share of agricultural land in France logically entails that farmers and agro-industrial companies are important clients of the French banking sector, raising the banks' interest in the protection of agricultural and/or forest ecosystems. Terrestrial ecosystems protection underpins all physical assets in which financial respondents invest.

Figure 12: Share of respondents with a preference for biodiversity financing for a specific ecosystem



2.2 Identifying motivations and barriers to biodiversity finance

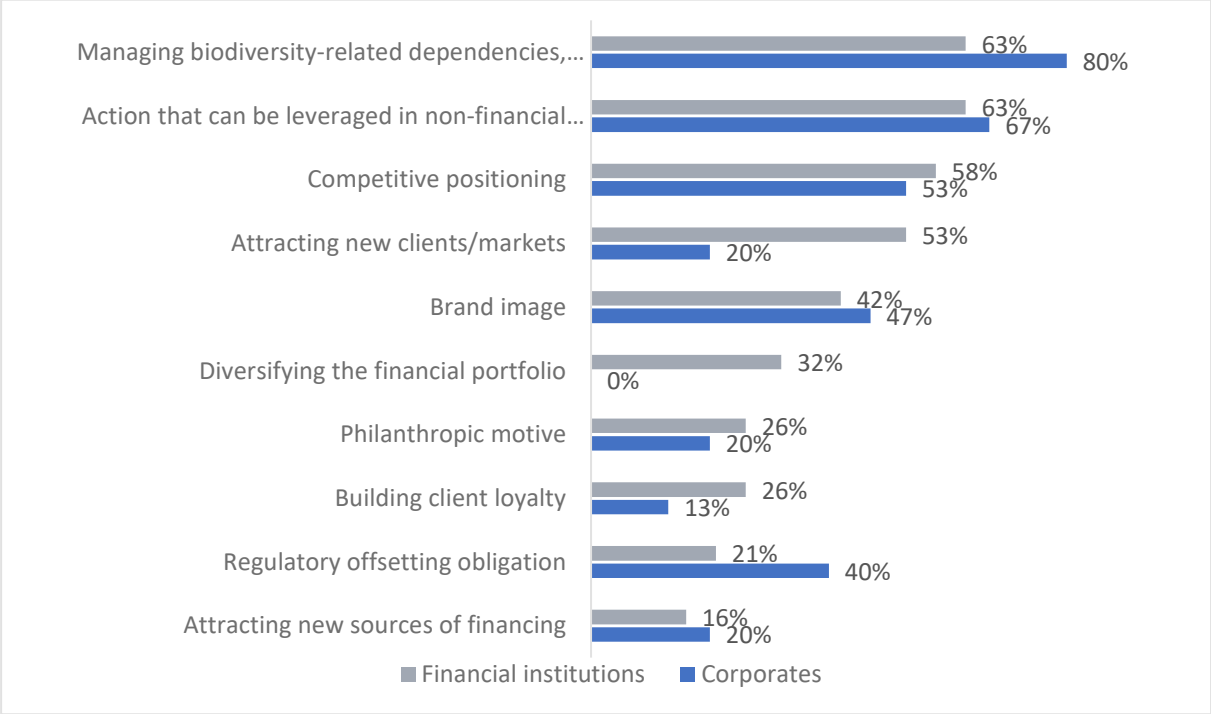
2.2.1 Corporates and financial respondents primarily invest in biodiversity to manage their impact and dependencies and to boost their ESG reporting and strategic positioning

Corporates and financial respondents alike are keen to finance nature-positive actions and projects to strengthen their resilience in view of biodiversity risks, dependencies and impacts (80% and 63% respectively), enhance their extra-financial reporting (67% and 63%) and differentiate themselves from their competitors (53% and 58%; Figure 13). The tangible and local nature of biodiversity actions can be clearly shown in extra-financial reports, helping private companies demonstrate that they are acting in the best interests of their region, clients and the environment.

Biodiversity financing also helps private players develop an environmentally friendly brand image (47% for corporates and 42% for financial respondents) and attract new clients or enter new markets (20% and 53%, respectively). These motivations can be a consequence and a driving factor for the expected improvement in competitive positioning from investing in biodiversity, and they also support earlier findings that (i) biodiversity is seen a strategic topic and (ii) stakeholders mainly invest where their operational activities are located.

When asked to rank their most important motivators, corporates tend to be primarily driven by the prospect of attracting new clients and entering new markets and achieving a differentiating competitive positioning. Financial respondents tend to rank higher the ability to manage biodiversity-related dependencies, impacts and risks and attract new sources of funding (not displayed in graph). This makes sense in view of the importance of securing an appropriate risk/return ratio and meet financial targets.

Figure 13: Motivations for financing biodiversity



2.2.2 Respondents discussed four main barriers to biodiversity financing during the interviews: lack of standardised data and methods, absence of financial return, a limited business case and disconnection from wider economic and policy topics

The first barrier is that **data, methodologies and tools for biodiversity footprint and impact assessment remain limited or difficult to use.** Corporates and financial respondents alike (37% of total respondents) indicate that their limited consideration of biodiversity partly stems from a **lack of widely accepted quantification tools and data** for measuring and tracking biodiversity over time. This is especially true in the absence of an institutional position on the matter, where the credibility of the methodologies applied is not fully recognised by stakeholders. Tools and data are lacking in availability, quality and user-friendliness. Similarly, there is much debate around the methodologies for calculating biodiversity impact, which have emerged in the absence of a prescribed methodology (be it by the French or EU regulatory frameworks or standardised to carry out the GBF-KM targets). Several corporates have also noted down the issue of **interoperabilising the methods to calculate biodiversity gains** (through potential biodiversity outcome calculation methods for a project) **and biodiversity impact/loss** (through footprint and impact assessment methods at entity or value-chain level) – limiting their ability to make informed decisions on future biodiversity investments. **Methodologies are treated with caution**, and 34% of respondents note the lack of credibility or reliability of existing tools, leading to distrust and ultimately lowering the depth or number of nature-positive actions.

The second barrier is that **financial return remains the most decisive factor for investment decisions, which is absent for most biodiversity-related projects/instruments.** Financial stakeholders and corporates alike (26% of respondents) stated that the **absence of profitability or return on investment** for biodiversity is the major reason why they do not invest large amounts

into biodiversity. While financial respondents lament the difficulty in finding a suitable **risk-return model** that would yield financial returns from biodiversity investments, corporates are more concerned with the difficulty in finding a **business return – neither in financial nor intangible terms** – especially since they struggle comparing biodiversity data at the entity level and at the project level across various geographies. Overall, about five financial respondents (21% of this category) often cite the **difficulty in obtaining verification of the biodiversity investment's impact**, the lack of credibility or understanding of the biodiversity impact assessment methods, and also the size of the market which is too limited compared to the size of their operations. Similarly, six companies (35% of this category) also cite the **difficulty of quantifying returns on investing in nature** and the cumbersome effort of complying with regulatory offset obligations, thus reducing their ambitions for voluntary actions.

A third roadblock to further biodiversity financing is that t**here is only a limited business case for biodiversity financing, although natural capital is increasingly seen as a strategic asset**. Although nature is perceived as an increasingly material topic, 24% of respondents describe a **lack a strategic business case** for nature: The cost of inaction and the value added of addressing biodiversity loss remains largely unaddressed and comes after other topics (mainly carbon credits). Four international respondents (10%) point out that biodiversity protection, if carried out only at the EU level, **could hurt their global competitiveness**: biodiversity rules should be applied at the global level or designed to account for international competition.

Finally**, biodiversity financing tools appear disconnected from the economic and political context.** A total of 21% of respondents sense a **disconnect** between available financial tools (including certificates) and biodiversity policies and targets (international: Kunming-Montreal/national: Biodiversity Strategy 2030). Similarly, 24% of respondents also explained that it is **complicated to help clients (for financial respondents) and decision-makers (for corporates) understand** how and why biodiversity financing would benefit them, especially in the current political climate that reduces the focus on ESG/biodiversity topics.

2.3 Assessing the level of awareness and interest for purchasing biodiversity certificates

2.3.1 Most respondents are aware of biodiversity certificates but know little about them compared to carbon credits

Most respondents report a good or very good knowledge of carbon credits. This is explained by the carbon credit market having existed since the late 1990s and by most respondents already having bought some. By contrast, even though respondents are investing in some ways into biodiversity, as previously demonstrated, they are less knowledgeable about biodiversity credits and even less about biodiversity certificates (Figures 14 and 15), indicating that this market is still very niche, even among informed players. However, it is worth noting that most people have heard of it and possess some (limited) knowledge.

Figure 14: Awareness level of biodiversity financing instruments among corporates

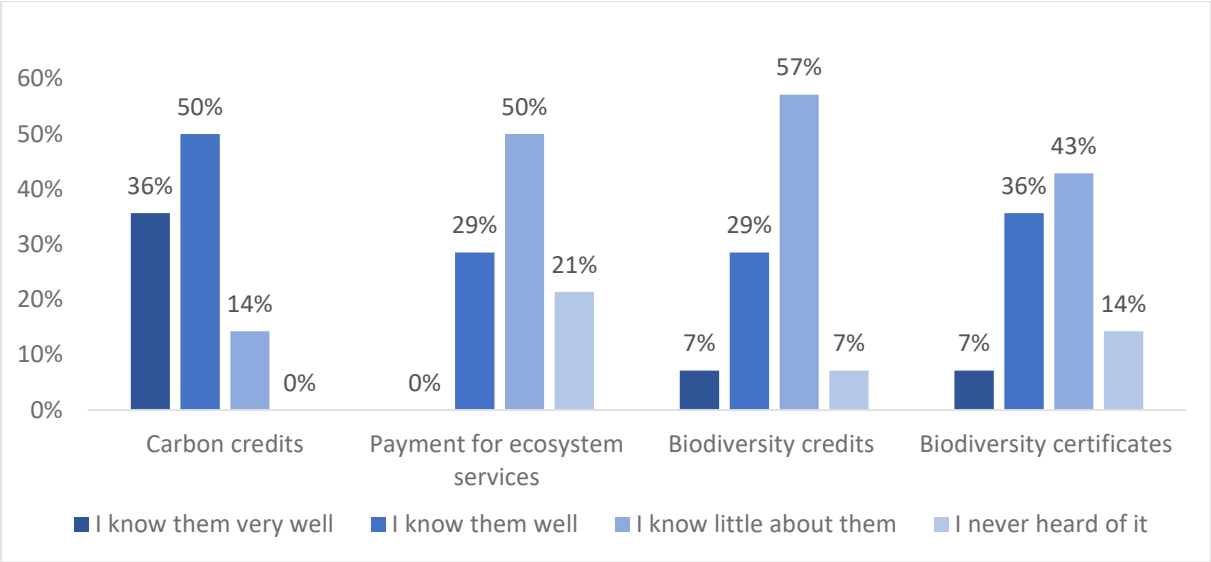
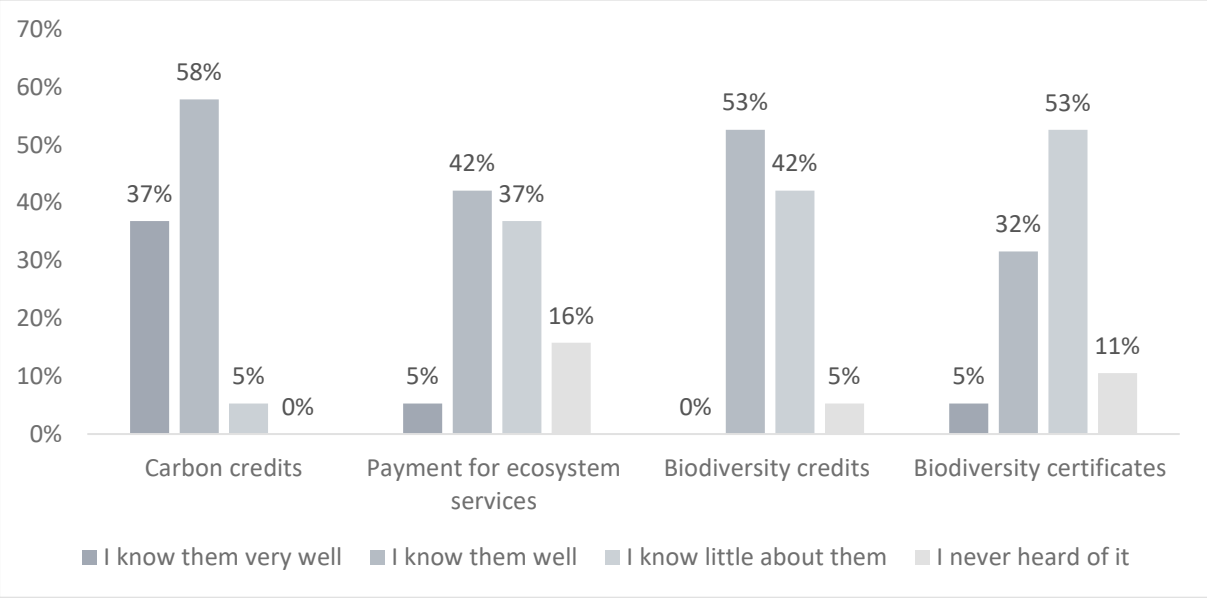

60%
50%
40%
30%
20%
10%
0%
36%
50%
14%
0%
0%
29%
50%
21%
7%
29%
57%
7%
7%
36%
43%
14%
Carbon credits
Payment for ecosystem services
Biodiversity credits
Biodiversity certificates
I know them very well
I know them well
I know little about them
I never heard of it

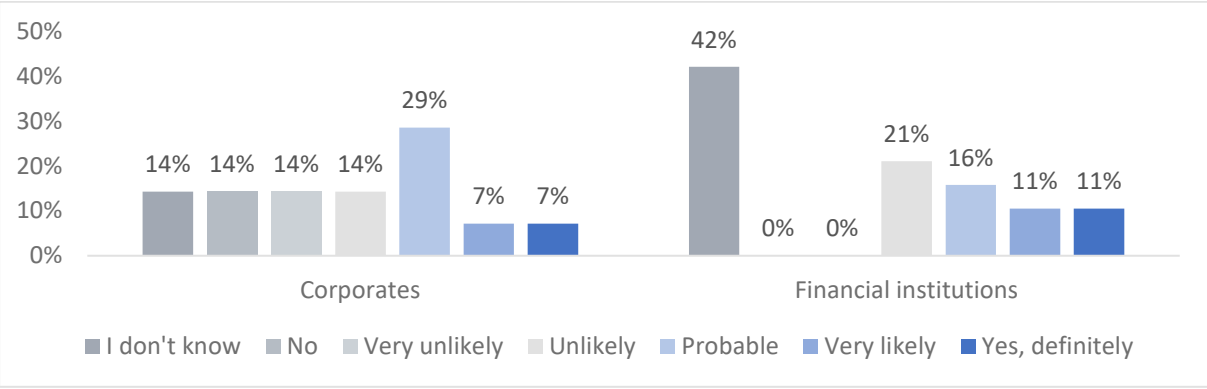
Figure 15: Awareness level of biodiversity financing instruments among financial respondents



2.3.2 Respondents are also hesitant about purchasing biodiversity certificates in the coming years, partly as they find it difficult to assess an appropriate unit price for such instrument

Financial respondents are rather uncertain or pessimistic about their likelihood of purchasing biodiversity certificates in the coming five years, whereas corporate respondents do not take position on the matter or are uncertain or cautiously optimistic (Figure 16). Overall, the low response rate of definitive answers (such as "no" or "yes and definitely") reflects the caution that private respondents have around the instrument, echoing earlier findings around the need for better financial instruments, regulatory framework and understanding of biodiversity as a material issue.

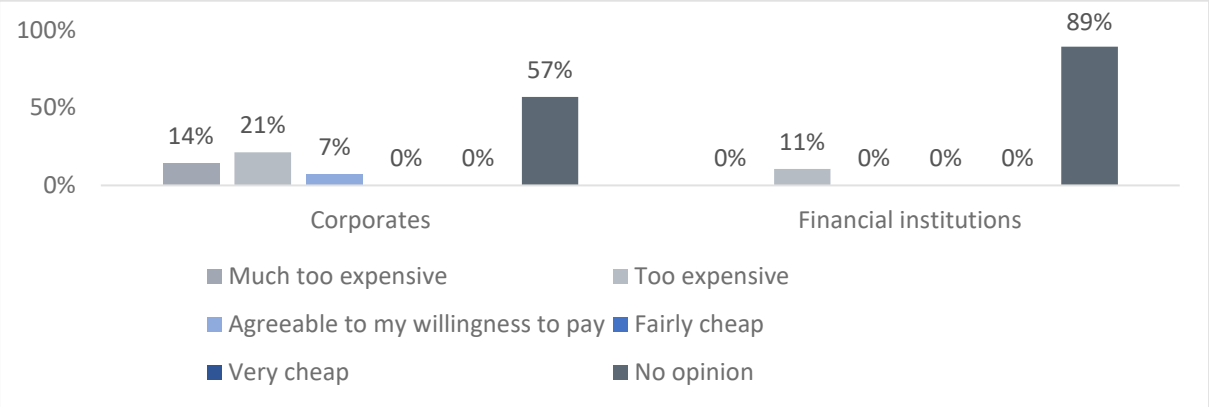
Figure 16: Likelihood of purchasing biodiversity certificates within the next five years



Additionally, the majority of respondents – especially financial stakeholders – do not yet express any opinion on the unit price of biodiversity certificate (Figure 17). This confirms the limited knowledge and understanding of voluntary biodiversity financing and the nascency of the biodiversity certificate market, limiting price discovery. When expressing an opinion, corporates

consider the unit price (way) too high. This might be explained by their anchoring in the carbon credit market, where carbon credits generally trade for less than $1 000 per tonne. Similarly, philanthropic donations (the preferred mode of biodiversity financing, see Figure 10) do not have any price floor and can cater to small budgets, while providing valuation opportunities in non-financial reporting, marketing and communication campaigns. Finally, the lack of standardised definition, unit of measure and unit of time for biodiversity certificates prevents the definition of a consensual and transparent monetary price, as potential buyers can find online certificates with prices from a few dollars to €700 000 across geographies with varying restoration costs (for example, usually considered lower in developing countries; see box below). The face value of a biodiversity certificate matters to potential buyers and that uniform pricing is dependent on the definition of a standardised biodiversity certificate, with a clear and transparent quantification of gains methodology and units of measure and time, to secure mobilisation.

Figure 17: Opinion on a biodiversity certificate unit price of €50 000 to €70 000 (which corresponds to 1 ha of land where biodiversity has been restored and positively managed for conservation of the biodiversity net gain for 30 years by CDC Biodiversity, according to CDC Biodiversity to offering)



Do digital platforms and online marketplaces for biodiversity certificates help alleviate some of the transaction challenges witnessed in the biodiversity certificate market?

The biodiversity certificate market is primarily an over-the-counter market today, which limits its liquidity and depth of reach to potential buyers and sellers. Some digital platforms and online marketplaces, defined as a web-based infrastructure acting as a single-entry point for multiple buyers and sellers to compare offerings and prices and to sell or buy online through secure payment methods, have emerged. It is expected that digital platforms or online marketplaces would reduce transaction frictions and information asymmetry, which would in turn reduce transaction costs, thus resulting in a more liquid and larger market for biodiversity certificates.

Research shows that, as of today, the European Union does not yet have readily available online platforms with sufficient scale and development to help reduce the observed transaction challenges currently existing. It could be worth looking into developing a new, EU-wide online platform for biodiversity certificate transactions that

would be aligned with the EU quality standards and rules of governance for the instrument.

The study identified, as of July 2025, five platforms that can be effectively considered as online platforms or digital marketplaces for biodiversity certificates (names). The study has also identified 14 websites that, although not fitting the definition of a platform for biodiversity certificates, are closely related. These include biodiversity project promoters' websites with a transaction function, online marketplaces for other types of nature-based financial assets or transactions (for example, adopting a coral reef or financing tree planting) and websites mapping initiatives or schemes for biodiversity certificates. The first insight is that the number of online platforms that is, or could be, enabling biodiversity certificate transactions is low – reflecting the nascency and over-the-counter feature of the market. Looking into the features of these platforms, we can see that information asymmetry is significantly reduced as biodiversity certificate descriptions often include project location and description, mention (more than evidence) of third-party verification, mention of certification scheme, the relevant Sustainable Development Goals, a breakdown of the price and a description of the units of measures and surface (but not often the time-persistence part) underpinning the biodiversity certificate up for sale. Organisational frictions are also partly reduced, as some of these platforms rely on stakeholder registration or blockchain technology and on secure payment technologies to help reduce counterparty risk.

However, the high variability for definitions/standards of biodiversity certificates (for example, with widely different units of measures, surface and time persistence of the certificates) and underlying biodiversity projects lead to a wide range of prices and value propositions for biodiversity certificates across these platforms. These items, coupled with limited amount of information on the number of market participants or the number of past transactions and ease of navigation, show that these platforms bring partial transparency to the market but do not help to reduce transactional barriers at this stage.

2.4 Identifying motivations and barriers to purchasing biodiversity certificates

2.4.1 Corporates and financial stakeholders primarily would purchase biodiversity certificates to boost their competitive and market positioning and to counterbalance their negative impact

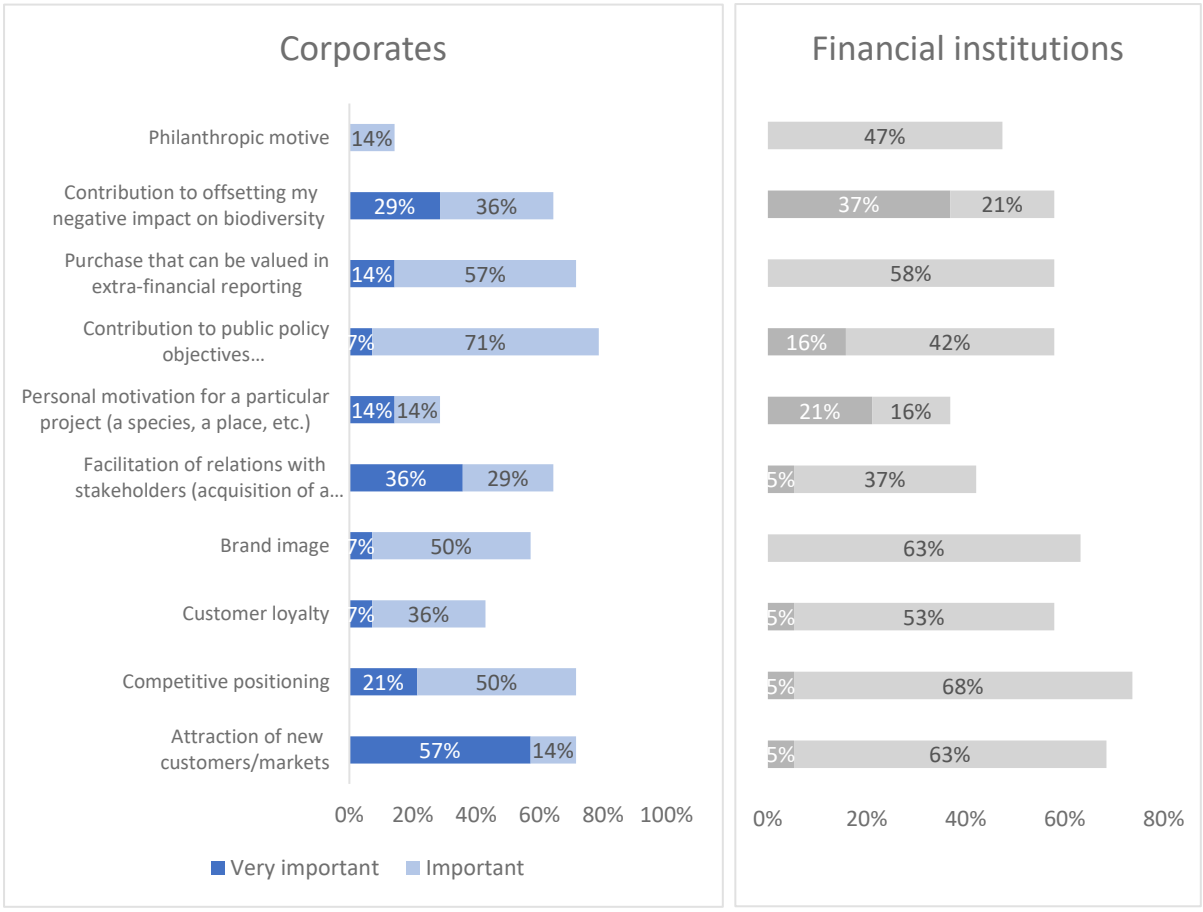
The motivations for purchasing biodiversity certificates partly echo those for general biodiversity financing – attracting new customers, competitive positioning and brand image (Figure 18). They also highlight that mandatory biodiversity offsets and recent national and EU policy developments on biodiversity certificates help create interest in the instrument, even when the scope and valuation opportunities are not well understood.

Biodiversity certificates are seen as a prime instrument for attracting new customers and markets for most corporates and financial institutions, which was not one of the primary motives for biodiversity financing in general. They are also considered valuable for facilitating the acquisition of a licence to operate for corporates (36% rated very important) and for offsetting the negative impact on biodiversity for financial institutions (37% rated very important), which would rather be counterbalancing in this case. As such, biodiversity certificates could be well positioned as instruments that address respondents' underlying clients' and customers' expectations for CSRD and environmental considerations, thus providing a competitive advantage.

By contrast to general biodiversity financing motivations, biodiversity certificates are less seen as instruments that can enable extra-financial reporting (mostly "important" for most corporates and financial institutions). This might be because current EU reporting standards, such as CSRD or the EU taxonomy, do not mandate how biodiversity certificate can be disclosed/valued for certain reporting obligations – contrary to carbon credits.

It is also worth noting the importance of the underlying biodiversity project and the ability to use the certificate for biodiversity offset, highlighting that (i) the direct link between the instrument and a localised impact is well understood and (ii) respondents, especially for financial act institutions, see biodiversity certificates as a useful tool for counterbalancing their negative biodiversity impacts on a voluntary basis (in parallel to mandatory offsetting).

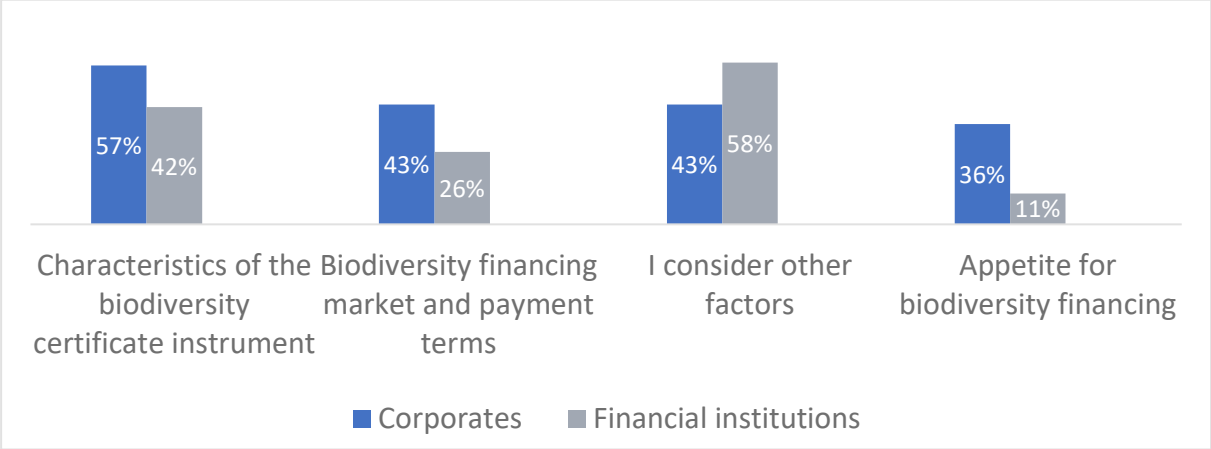
Figure 18: Motivations for purchasing biodiversity certificates by category of respondents



2.4.2 The appetite of corporates and financial institutions for biodiversity certificates is constrained by the characteristics of the instrument in itself as well as market factors and personal barriers

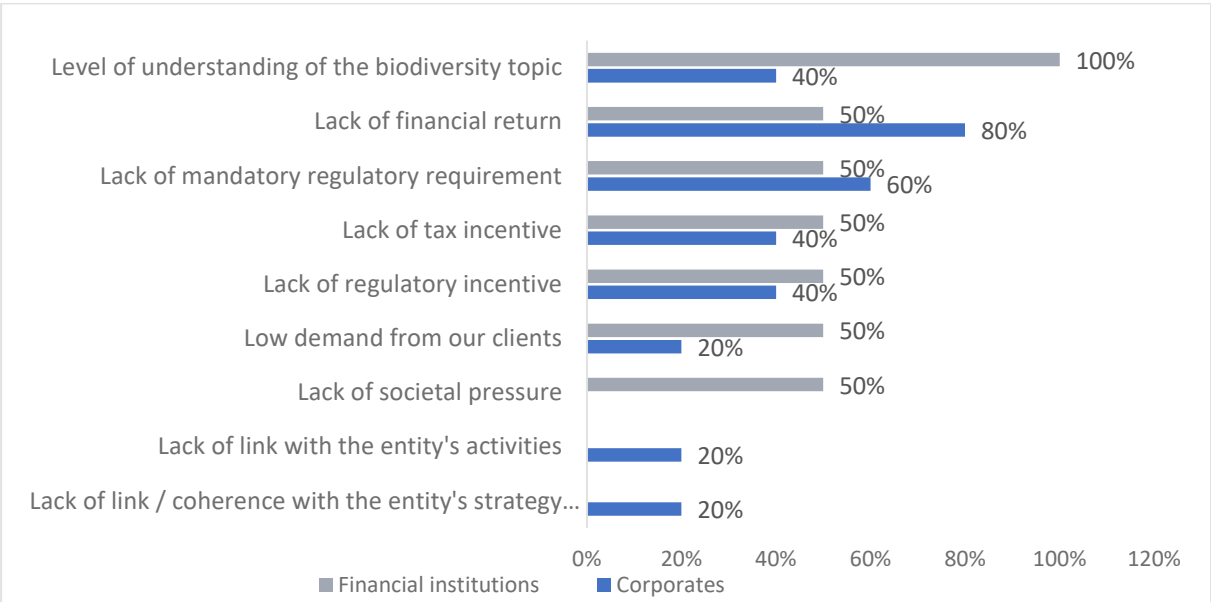
Most companies consider that their likelihood to purchase biodiversity certificates is constrained by the intrinsic characteristics of a biodiversity certificate (57%) and/or by the current market and payment terms (43%) (Figure 19). Most financial institutions experience specific barriers not readily attributable to one of the categories presented (58%) and also have difficulty understanding the instrument as it is currently conceived (42%).

Figure 19: Measure of importance of categories of barriers to purchasing biodiversity certificates



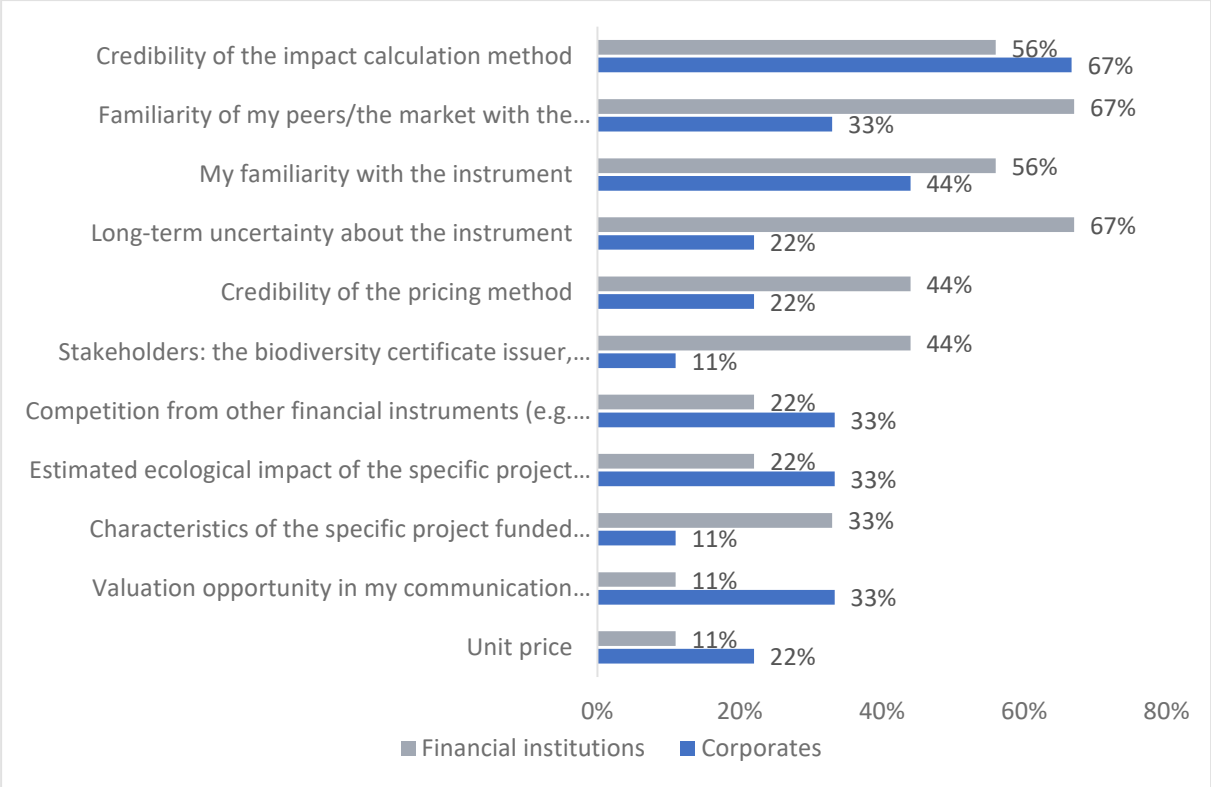
When it comes to whether they have an appetite for biodiversity financing, private companies and investors emphasise the lack of understanding of biodiversity and lack of financial return but consider all other propositions relevant (Figure 20). Corporates and financial institutions reiterate that their lack of understanding of biodiversity, from an ecological and business perspective, precludes them from purchasing biodiversity certificates (100% and 40%, respectively). Companies then broadly consider all other barriers as relevant, from a lack of regulatory obligations and incentives, a lack of tax incentives and low demand or pressure exerted from potential clients and the wider public. This diverse and diffuse group of barriers reinforces the recommendation of improving information communication and awareness campaigns and further embedding biodiversity certificates within the regulatory and market-based framework applicable to biodiversity financing. In parallel, financial institutions emphasise the need for working on the financial return of biodiversity certificates and increasing requirements to buy such instruments – in line with their general barriers to biodiversity financing.

Figure 20: Share of respondents who selected specific barriers related to their appetite for biodiversity financing



When it comes to the characteristics of the biodiversity certificate instrument, private companies and investors emphasise the lack of credibility and familiarity of the instrument. This shows that that integrity (as evidenced by the certification by the French government) is insufficient to create demand for the instrument (Figure 21). Much uncertainty exists around the biodiversity certificate instrument, reducing its attractiveness because of private players' fear of greenwashing claims and its visibility in the market. This is evidenced by the full range of barriers selected as relevant by respondents. First, the credibility of the impact (biodiversity gain) calculation methodology is a key barrier. Respondents want to avoid the risk of greenwashing, and currently, the lack of recognised methodology on how biodiversity gains are measured generates a key risk for them. The lack of familiarity with the instrument, be it from the respondent or for the rest of market players, is a natural barrier – particularly for financial institutions. Their relative better understanding of carbon credits, in a context of limited funds for biodiversity actions, supports their uptake instead of that of biodiversity certificates. It is worth noting that all barriers related to the instrument are considered important by all corporates and financial institutions – highlighting the importance of this specific category.

Figure 21: Share of respondents who selected specific barriers within the category of characteristics of the biodiversity certificate

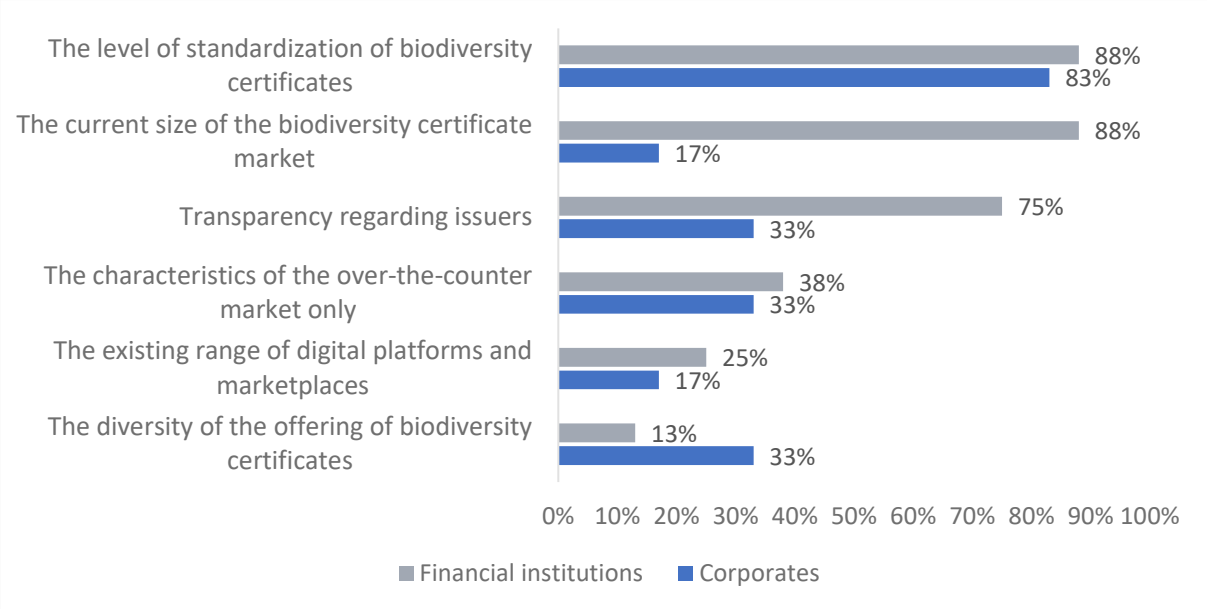


When it comes to the biodiversity financing market and payment terms, corporates and financial institutions regret the lack of standardisation of the biodiversity certificate, hindering the willingness and ease of commercialising such instrument (Figure 22; 83% of corporates and 88% of financial institutions,). Respondents highlighted in interviews the multiplication of certification frameworks, methods for calculating their biodiversity impact and the potential biodiversity gains from different projects, terminologies (nature credits vs.

biodiversity credits vs. biodiversity certificates) – ultimately resulting in the multiplication of conceptions of what a "biodiversity certificate" is and how it can be used. When looking at the voluntary carbon market for contrast, carbon credits also differ based on their underlying natural assets and calculation standards. However, stakeholders have greater confidence in the voluntary carbon market as two important data points are standardised and comparable across instruments available for purchase: the price and the quantity of carbon sequestered. We can assume that confidence in the biodiversity certificate market will depend on greater clarity of the supply and the ability to compare products based on objective criteria, such as price or unit of measure or quantification methods and standards.

Additionally, financial institutions show concerns surrounding the **current size of the market** and the **level of transparency around issuers** of biodiversity certificates (88% for the size of the market and 75% for transparency,). These results are consistent with the view that the market has not yet reached a size critical enough to allow large-scale transactions (>€100 million) to occur and to be of noteworthy consideration for asset managers and banks. As neither the standards nor the suppliers for the instrument are clearly defined, the demand for biodiversity financing remains a small but noticeable barrier (see Figure 19), the instrument is yet to be properly understood (see Figure 21), the volume of transactions remains low and the market takes time to scale up.

Figure 22: Share of respondents who selected specific barriers within the category "biodiversity financing market and payment terms"



On top of selecting and ranking the pre-defined barriers to purchase biodiversity certificates, respondents to the survey also had the opportunity to share, as free text, their own views on the barriers to purchase they face. In total, 11 financial institutions and seven corporates have shared their own thoughts on the matter, summarised below:

- First, three respondents note that they **would see themselves as project sponsors and early-stage investors in biodiversity restoration projects, which would position them**

as (i) offtakers and (ii) issuers of biodiversity certificates. This shows the potential for market uptake and the promise of financial viability of the instrument to mobilise further capital for biodiversity financing.

- Two other respondents emphasise the **lack of general knowledge/understanding** about the biodiversity certificate instrument as a mechanism for biodiversity financing and the lack of information on the demand for such instrument, which could be either a reflection of the specific person responding to the survey or a reflection of the entity as a whole.
- Two companies emphasised that work should focus on regulatory obligations and compliance, rather than voluntary contribution, when it comes to biodiversity financing.
- Additionally, corporates and financial institutions noted the **lack of clarity on how biodiversity certificates could serve as an appropriate instrument to carry out their CSR/biodiversity strategy**, further reinforcing how the instrument is not yet understood from a technical and strategic point of view.

The interviews were insightful to explore further the barriers to the purchase of biodiversity certificates across companies and financial institutions. Two main barriers have emerged, echoing the barriers to biodiversity finance broadly.

First, biodiversity certificates do not sufficiently reassure financial institutions and corporates around the avoidance of reputational risk or accusations of greenwashing. For financial institutions and corporates (18% of respondents), the **lack of confidence in the achievement of the desired ecological gains**, due to the lack of understanding of the mechanisms behind of the instrument and the lack of standardisation and transparency on the biodiversity calculations, in 30 years limit their willingness to invest today in this instrument (for example, compared to carbon credits). The biodiversity certificate **does not sufficiently address barriers to biodiversity financing** such as the difficulty in understanding the approaches through which the biodiversity gain is verified and certified, due to the lack of understanding, data, tools and disconnection with international policy targets. For financial institutions, this is due to a mismatch of scale between the negative impact on biodiversity of their multimillion-euro investment portfolios and the positive action resulting from the purchase of a tens-of-thousands-of-euros biodiversity certificate.

Second, the business case and demand for biodiversity certificates are limited compared to profitable, well-established instruments such as carbon credits. The business case for biodiversity certificates remains low or non-existent due to the **absence of financial return** on the purchase of biodiversity certificates and the limited expected profitability of investment for selling certificates to third parties (26% of respondents). For financial institutions specifically, the widespread lack of knowledge about the precise geographical exposure of their portfolio investments prevents them from using certificates as an environmental risk mitigation instrument for their portfolio. Corporates and financial institutions alike (32% of respondents) lack an understanding of the clear opportunities to value biodiversity certificates purchases in their extra-financial reporting, in the CSR strategy as well as business model ideas to integrate biodiversity. Altogether, the limited potential of the instrument to deliver a risk/return appropriate for financial institutions or to be easily valued as a strategic asset for corporates creates a clear lack of demand for biodiversity certificates (29% of respondents).

3 RECOMMENDATIONS

The key findings and suggestions (detailed suggestions from respondents can be found in Annex 3) collected through the survey responses and the interviews were used to formulate recommendations that effectively help crowd-in more private capital towards voluntary biodiversity financing. The recommendations also include insights from work currently ongoing by the international community, the European Union or EU members to ensure their added value and consistency with the evolving biodiversity certificate market. As the NRR imposes mandatory contributions from EU members towards the restoration and conservation of European ecosystems for a matter of ecological and economic resilience and sovereignty, these recommendations ultimately are developed to support private sector mobilisation to support the achievement of the NRR targets, in line with the target 19 of GBF-KM (extra-financial flows and private finance mobilisation towards biodiversity).

3.1 Clarify the contribution of private biodiversity financing flows to the achievements of public policy goals

Relevant for: **Financial institutions and corporates**	
Priority: **High**	Impact: **High**

3.1.1 Why it matters?

Achieving the legally binding targets under the NRR and the EU Biodiversity Strategy for 2030 requires significant private capital in line with the impact and dependency of the private sector on biodiversity. Clear guidance showing that private financing will need to contribute to these objectives will unlock investment and accelerate progress, as well as clear and understandable guidance on how they can act in line with the stated biodiversity objectives, will unlock investment and accelerate progress. In this context, biodiversity credits/certificates can provide a transparent and measurable instrument (as it can be designed to channel financial flows and to report progress in achieving these goals in a more standardised way than direct project finance) that will help monitor the contributions to EU and national biodiversity goals, enabling monitoring of progress by country, sector and stakeholders in line with the NRR targets.

3.1.2 Key considerations

Currently, biodiversity certificates are defined differently across jurisdictions and initiatives (IAPB, different emerging standards and so on). Without a harmonised definition of what constitutes a “voluntary contribution towards biodiversity-positive actions” from private organisations nor an understanding of the rationale and operational implications of using biodiversity certificates, there is a risk of:

- Double counting or gaps in reported progress towards NRR targets (for example, if a buyer reports its biodiversity certificates as a voluntary contribution to the achievement of NRR

targets several years in a row, as they believe that the time persistence of the biodiversity restoration efforts paid entails that the ecological gain can be counted numerous times).

- Investor uncertainty, as corporates and financial institutions may not know which actions qualify as impactful and contributing to the achievement of NRR targets (for example, if the instrument is not standardised across EU members and if large differences exist for certification of ecological gains, long-term conservation of ecological gains and so on).
- Fragmented markets, where biodiversity credits or certificates are recognised in one country but not in another.

It is important that the recommendation helps create a common taxonomy and framework for the contribution of biodiversity certificates towards international, EU and national biodiversity goals to avoid misinterpretation and give private organisations confidence that their investments are recognised across borders and contribute meaningfully to restoration goals. Such taxonomy and framework will also further shape private contributions to biodiversity goals by also facilitating the accounting of their biodiversity impacts and positive contributions and explaining how these contributions could be reflected in reporting and transition plan exercises.

Additionally, the NRR sets EU-wide restoration targets, but implementation occurs at the Member State level. Each country has different ecosystems, restoration priorities and regulatory environments. Without clear national guidance:

- Private stakeholders cannot determine where and how to invest to support national restoration priorities.
- There is a risk that contributions will be unevenly distributed, leaving critical ecosystems underfunded.

As such, the recommendation should also help EU members in taking action to translate the EU-wide NRR targets into national objectives that can be tackled with initiatives and financial contributions from corporate and financial institutions. Economic stakeholders should be firmly embarked on the journey towards ecological restoration and mandated to participate in the realisation of the national targets to ensure meaningful progress.

3.1.3 Concrete actions

This recommendation could be carried out through the following actions:

1. **Define the role of biodiversity certificates in supporting the achievement of NRR targets (European Commission and EU members, short term):** As EU members translate NRR targets into national targets per ecosystem with estimated contributions from the private sector, the European Commission could set criteria under which certified biodiversity certificates can be counted as a private sector contribution to the restoration of specific ecosystems and to the national and EU restoration targets. As a result, biodiversity certificates would become a credible tool to monitor progress and steer implementation of the NRR. These criteria could then be disseminated in the form of publicly available guidelines, and EU members would be responsible for their implementation.

2. **Create a legal framework for the deployment of biodiversity certificates (European Commission and European Parliament, short term):** As biodiversity certificates become an implementation tool for NRR targets while also being used for other business and ecological goals by public and private stakeholders alike, the Commission could set up a legal framework that formally recognises biodiversity certificates as robust tools for biodiversity accounting, which can be used to meet regulatory offset obligations (as a credit), make voluntary ecological contributions (as a certificate), support the implementation of measures to reduce negative biodiversity impact (footprint counterbalance experimentation, insetting) and contribute to the biodiversity and mitigation strategies at the company, regional, national and/or EU level.
3. **Work with the international community to define the role of biodiversity certificates in supporting the achievement of the GBF-KM targets (European Commission, international community, mid-term):** Based on Recommendation 1, the Commission could extend the reach of biodiversity certificates by working with the Conference of the Parties biodiversity stakeholders to define how certified biodiversity certificates can be counted as contribution towards the achievement of the GBF-KM targets per ecosystems.

3.2 Standardise metrics and methodologies to aggregate biodiversity gains and losses through biodiversity certificates

Relevant for: **Financial institutions and corporates**	
Priority: **High**	Impact: **High**

3.2.1 Why it matters?

Achieving the objectives of the NRR depends on the ability to measure biodiversity outcomes in a consistent and credible way. A wide range of methods, metrics and frameworks has emerged to assess biodiversity impacts and estimate potential net gains. This diversity of methods and frameworks reflects valuable innovation, but it can also make it harder to compare results across projects and contexts and make decision-making more demanding, particularly when multiple approaches are used across stakeholders (corporates, financial institutions, EU countries and so on). Streamlining guidance and improving interoperability between frameworks would support greater clarity and credibility, strengthen confidence in reported outcomes and support the development and uptake of innovative financing mechanisms while making it easier for new participants to engage in biodiversity-positive action. Study respondents have clearly expressed that they would welcome convergence on the robust and science-based approaches for biodiversity accounting, which should underpin the biodiversity certificate framework.

This confusion in biodiversity accounting is notably driven by the wide nature of metrics and methodologies used to measure biodiversity, catering to different research questions, biodiversity components (species, habitats and functionalities) and scales. Corporates turn to biodiversity impact assessment (also called footprint) metrics and methodologies to estimate

their positive or negative impact at the level of their operations or at the level of their value chain. Such methodologies rely on cause-effect modelling to quantify the company pressures on nature and not on current, observed impact measurements. Biodiversity footprint measures can help decide which ecological projects to pursue or finance, as part of their share of the efforts required to contribute to a nature-positive world or to offset some of their remaining residual negative impacts that the application of the mitigation hierarchy would not have been able to eliminate.

However, ecological project promoters use biodiversity outcome (such as net gain) metrics and methodologies, relying on current comparison with the previous baseline to measure the effective impact of the ecological work carried out. For now, biodiversity footprint and biodiversity outcome metrics and approaches do not perfectly match, making it difficult to aggregate different outcome metrics from different ecological projects financed to monitor how firms are effectively addressing their footprints. Developing and agreeing upon protocols that clearly explain how existing outcome measurements can be interpreted and used to inform footprint metrics is essential to bridge the current conceptual gap. Such protocols would reduce complexity, support less experienced stakeholders in applying credible yet flexible approaches and enable companies to report impacts and actions in a more consistent and comparable way.

Another layer of complexity comes from the lack of alignment between these biodiversity metrics and the public policy targets and objectives set through indicators. Beyond the metrics set out in the monitoring framework of the GBF-KM, the European Union has not detailed metrics by which to measure progress towards NRR targets and how companies' actions could readily be contributing to meeting such targets. The European Union should use private sector metrics as much as possible in its regulatory framework and should strike a balance between metrics that can be easily understood by the general public and metrics that effectively provide precise information to inform biodiversity-related decisions. This would help make public policies more actionable, and incentivise private sector mobilisation.

Overall, standardisation for biodiversity metrics and methodologies would not only facilitate technical standpoint in effective biodiversity metric alignment but also be key for integrating biodiversity certificates into corporate (financial and environmental) accounting and reporting.

3.2.2 Key considerations

As many initiatives have emerged around natural capital accounting, some of which are increasingly endorsed, the recommendation should build on existing international standards and methodologies to ensure global consistency and avoid duplication.

Additionally, the large scientific knowledge base on measuring the state of biodiversity is not readily intelligible for policymakers, private respondents of different maturity levels on biodiversity and the wider public. The recommendation should aim to strike a balance between flexibility and robustness in the selected metrics and methods: standards should allow actions to be taken in ecosystem- and sector-specific contexts while maintaining integrity and reducing the risk of greenwashing. Developing metrics or building consensus around metrics that aggregate and correlate biodiversity gains and losses across scales would be essential for comparability and integration into EU reporting systems.

3.2.3 Concrete actions

This recommendation could be carried out through the following actions:

1. **Define a set of aggregative metrics that can monitor and aggregate inputs for biodiversity gains and losses (European Commission, short term):** Measuring progress on the achievement of the NRR and EU members' biodiversity strategies requires a set of synthetic metrics measuring the overall health of ecosystems, which would be usable by private participants and would decomplexify the natural capital accounting process for the non-scientific community and facilitate the aggregation of measured biodiversity gains (and negative impacts) across projects and regions to provide an overview of progress towards NRR at the national and EU level. In doing so, such aggregative metrics would lead to a better monitoring of biodiversity restoration goals of the NRR, and private and public stakeholders will be able to define biodiversity gain trajectories supporting NRR target achievement, to be carried out through biodiversity certificate purchase (or issuance). These could be developed based on existing metrics, such as the work carried out by Project Align ("Aligning Accounting Approaches for Nature"), the UN System of Environmental Economic Accounting – Ecosystem Accounting (SEEA EA) indicators and the derived EU methodology to map and assess ecological conditions or the metrics used by leading project developers such as CDC Biodiversité. The Commission could take a stance on the aggregated metrics to be used and communicated that would be recognised at the EU level by certified biodiversity certificates.
2. **Define and publish the set of methodologies for biodiversity gain assessments and impact measurements endorsed by the European Union for underpinning certified biodiversity certificates (European Commission, short term):** Building on the standardisation efforts around aggregative metrics, the Commission could take a stance on which biodiversity footprint and biodiversity outcome methodologies could be used jointly to underpin certified biodiversity certificates across the European Union. The proposed methodologies could be interoperable to facilitate decision-making on the purchase of biodiversity certificates by helping assess how it would impact a buyer's footprint results. The selected methodologies should be publicly available and widely communicated to project promoters, investors, multipliers and other stakeholders to steer the development of biodiversity restoration projects that contribute from the onset to NRR progress.

3.3 Create rules of governance for the biodiversity certificate market

Relevant for: **Financial institutions and corporates**	
Priority: **High**	Impact: **High**

3.3.1 Why it matters?

The biodiversity certificate market remains in its infancy today as respondents refrain from participating in fear of being accused of greenwashing, in view of the low credibility or understanding of biodiversity gain measurement and the limited usability of existing nature information and data. Beyond streamlining the foundational scientific base underpinning biodiversity certificates, establishing a clear governance structure and rules for the biodiversity certificate market would help build trust, credibility and transparency in this emerging space. A well-designed governance system would provide clarity on the types of biodiversity certificates that can be issued, ensuring they meet private sector needs while maintaining environmental integrity. It would also balance the robustness of standards with adaptability to different business models and territorial contexts, offering stability at least in the medium term. Ultimately, governance is essential to create a market that is credible and scalable, enabling biodiversity certificates to become a trusted instrument for achieving the NRR objectives.

3.3.2 Key considerations

To avoid some of the pitfalls of the voluntary carbon credit market and effectively create assurance on the biodiversity gain trajectories of ecological restoration projects, the governance framework should

- involve the need for ecological monitoring and third-party verification and certification of biodiversity gains;
- provide guidance from policymakers (at the national or EU level) on which standards should be accepted (for example, as done for the standardisation of methods and metrics advocated in the previous recommendation), which would then be publicly communicated and explained in a consistent way to help market players select standards of quality;
- improve interoperability of financial instruments serving projects with (potential) positive biodiversity outcomes, such as voluntary carbon credits and nature credits to offer clarity for participants on the links between these instruments and potentially creating synergies between nature-based markets.

The development of clear rules of governance should build a path for the long-term emergence of standards and methodologies enabling the quantification of ecosystemic services, currently too costly to perform in a market with limited standardisation, yet a key driver of private demand for biodiversity financing.

It is important to note that the rules of governance (alongside other recommendations' features) ultimately aim to standardise the parts of biodiversity certificates to build a cohesive biodiversity

certificate market, but standardisation can take many forms. Rather than implying unification and centralisation, standardisation would rather be achieved through shared principles, safeguards and basic design features for different biodiversity certificates, powering the interoperability of national and private schemes for biodiversity certificates.

3.3.3 Concrete actions

This recommendation could be carried out through the following actions:

1. **Clarify the objective to build an EU-level biodiversity certificate market, creating a seal of quality and certification on biodiversity certificates (European Commission, short term):** Defining rules of governance and conditionalities requires the Commission to first clearly communicate its aim of building a biodiversity certificate market to support private capital mobilisation towards the NRR targets. As such, the rules of governance and supporting documents on accepted standards and rules for issuing such certificates would ensure the high integrity of biodiversity certificates that can effectively be counted towards NRR targets achievements and as such incentivise private market players to participate in such market. Such an EU quality label or quality standard could potentially coexist with national implementation schemes, if the core principles and safeguards of the EU quality label are respected.
2. **Define and publish monitoring, reporting and verification (MRV) requirements for certified biodiversity certificates (European Commission, short term):** The integrity of the biodiversity certificate market would rely on the assurance that the best efforts are put to ensure biodiversity gains are effectively being realised. Third-party verification and safeguards against conflict of interest in the purchase and issuance of biodiversity certificates could also be mandated. As such, the Commission could also work on setting biodiversity certificate MRV requirements, leveraging existing standards and the MRV requirements set in the NRR.
3. **Define and publish guidance on rules for stakeholder collaboration and dispute resolution (European Commission, short term)**: The integrity of the market and efficient coordination of transactions also rely on the appropriate allocation of roles and responsibilities among project developers, buyers, certifiers, registries and other stakeholders. Developing rules for dispute resolution, revocation of credits or cancellation of transactions would also help reduce the risk of greenwashing claims in the case of conflicts between buyers and sellers, while preserving the functioning and reliability of the market.
4. **Entrust responsibility for enforcement of the rules of governance of the biodiversity certificate market (European Commission and European or national law makers, short term):** The Commission should define the entity (for example, at the EU or EU MS-27 level) to be accountable for the respect and compliance of biodiversity certificate market participants with the rules of governance. The enforcement of such rules could be delegated to EU member governments to facilitate compatibility between EU rules of governance and their own national requirements. Yet, to ensure the integrity of the market and the EU market infrastructure (see next recommendation), accountability should be set at the EU level.

5. **Assess the feasibility of developing nature financing markets and incorporating various nature-related benefits (European Commission and international community, medium term):** As the different types of carbon and biodiversity markets overlap by the possibility of designing projects with various nature co-benefits (for example, ecological restoration and climate change adaptation or mitigation), the Commission could steer efforts to look into the development of nature markets, looking at whether to enable the bundling or stacking of different nature benefits within a streamlined set of instruments.

3.4 Develop the market design to govern, develop and incentivise participation from the supply and demand side

Relevant for: **Financial institutions and corporates**	
Priority: **High**	Impact: **High**

3.4.1 Why it matters?

Currently, the biodiversity certificate market operates primarily , which restricts scalability due to a lack of transparency on the different types of biodiversity certificates available for trade, counterparties, pricing and underlying biodiversity accounting methodologies; it also increases transaction costs and frictions. These factors altogether limit the pool of tradable biodiversity certificates and counterparties and constrain liquidity on the market, making it difficult to match demand and supply at competitive prices.

Secondly, to overcome this structural barrier, biodiversity certificates require a marketplace where supply and demand can meet, that is, project developers on one side and stakeholders in need of achieving their biodiversity targets on the other side. Currently, corporates carry out most of their actions in-house due to complex interactions with stakeholders (see “Key findings” section) and would value ways of identifying with more ease suitable project developers. Hence, facilitating connections with project developers can reduce the cost of setting up biodiversity projects for corporates.

Thirdly, for financial stakeholders, the very limited scale (that is, for price and impact) of biodiversity certificates is not suitable compared to the volume of their investments and the way they trade instruments. Having a market structure that would enable an effective scaling of investments by aggregating large amounts of certificates would serve as a signalling effect for financial players.

Finally, having an EU market structure would not prevent the development of local projects. In fact, as repeatedly stated by respondents, biodiversity is local by nature and respondents need projects in close connection with their business needs. Hence, such market structure should be combined with local hubs to help identify the relevant stakeholders at the local level in line with local restoration goals, while the market structure would allow price comparisons to achieve a more efficient allocation of resources.

3.4.2 Key considerations

To foster engagement by market participants, such structure should:

- **Provide transparency on pricing**: Respondents and market participants consistently pointed out that the ability to transparently access pricing benchmarks in the carbon market has contributed to greater market confidence and participation, which is currently lacking in the biodiversity financing market. These measures are essential for expanding transaction volumes and attracting a broader range of investors and corporate buyers.
- **Develop a unified EU-level market structure**: This structure would aggregate market-based information across EU members. Such integration would provide a comprehensive overview of available biodiversity projects, certificate issuers and transaction activity, reducing information asymmetries, enabling more efficient price discovery and supporting higher liquidity. By creating a clearinghouse acting as the default buyer for biodiversity certificates issued from restoration projects following the standards and rules of governance established at the EU level and as a seller to firms with mandatory purchase of biodiversity certificates (see Recommendation 5), policymakers can provide a platform to create liquidity and ensure that high-integrity biodiversity projects are able to systematically monetise the biodiversity gains generated. Adding secondary functions to the clearing house, such as a centralised digital registry of projects or the list of standards fitting the EU seal of quality, could also facilitate standardised governance, data dissemination and enforcement of best practices across the European Union, ensuring consistency and scalability. In the long term, it could be beneficial to see how this market structure could be interrelated with the structure for the Carbon Removal Certification Framework and other carbon or nature-credit structures to illustrate how nature projects, encompassing hybrid carbon and biodiversity benefits, could be managed in the future.
- **Rely on the active engagement of three primary stakeholder groups**: These include project developers, responsible for structuring, certifying and delivering biodiversity gains; land and resource owners, who provide the physical sites for biodiversity projects; and the private sector, including corporates and financial institutions seeking to meet biodiversity goals or invest in nature-positive outcomes, which represent the demand side of the market. Currently, matching suppliers and potential purchasers of biodiversity certificates is too limited and complex; hence, the supporting market structure should support building local capacity, aggregating projects to achieve scale and facilitate the matching of project promoters with potential financiers and buyers of biodiversity certificates. These could take the form of physical regional hubs and digital marketplaces, helping to reduce transaction costs while supporting the emergence of a scalable project pipeline.
- **Facilitate the discovery of impactful projects lacking access to finance**: To help achieve this, the establishment of public calls for projects, through a mechanism similar to the EU hydrogen bank, is recommended to help boost the market at early stage. If the clearinghouse relies (partly) on public funding, the EIB could play a role in project assistance or blended finance solutions to help increase the bankability of the selected projects. This could, in turn, help catalyse extra contributions from financial institutions, for example, commercial loans or guarantees. This functionality would not be required in

the case of a clearinghouse fully funded by the purchases from firms with regulatory requirements to purchase biodiversity certificates.

3.4.3 Concrete actions

This recommendation could be carried out through the following actions:

1. **Create regional hubs to support the matchmaking of supply and demand for biodiversity certificates** (European Commission, short term): Establishing regional hubs in key areas would be crucial to support project development in line with economic stakeholders' business considerations and foster market engagement. These hubs, led by regions (often leading the implementation of biodiversity policies and with a key contribution role in the set-up of National Restoration Plans) or municipalities, would serve as a one-stop shop on biodiversity for project developers, landowners and the private sector. These hubs would operate at the regional level, but be in close coordination with other regional hubs within and across EU members and with the EU-level clearinghouse. They could also interface with national authorities responsible for existing biodiversity funds and EU instruments and help different regional stakeholders to join forces (for example, setting up consortia of regional agencies, research institutes and NGOs alongside buyers and sellers of biodiversity certificates).
   Each stakeholder group could express their biodiversity-related needs and expectations as well as access relevant guidelines and information related to the European Union, national and regulation biodiversity certificate framework and pipeline. As such, these institutions would facilitate the matchmaking of supply and demand for biodiversity certificates and the emergence of ecological restoration projects with pre-identified certificate buyers (or co-investors) who believe in the business case and value added of these specific investments. Regional hubs would also support project feasibility assessments, guide project development and provide information on the EU-approved aggregative metrics, biodiversity accounting methodologies and other standards and requirements to offer/purchase high-integrity biodiversity certificates. Finally, regional hubs would play an important role in mapping regional transactions, biodiversity project sites and cross-border requests for biodiversity certificates, while transmitting such information to a centralised EU clearing house – ensuring comprehensive coverage, up-to-date information on current and future biodiversity restoration efforts and connectivity between local initiatives and the wider market infrastructure.
   To introduce this initiative, it is suggested to assess the appetite for local hubs in strategic regions by surveying and mapping relevant stakeholders. A strategic note could be developed as part of EU members' nature restoration plans, outlining the types of activities, key stakeholders, business models and funding considerations for these hubs. Following validation, pilot programmes could be initiated in leading countries such as France, Ireland or Sweden to refine the approach and demonstrate impact. Different hub models could be piloted before broader design choices are made, in line with the exploratory nature of the Roadmap towards Nature Credits.
2. **Establish a clearing house to increase liquidity and cross-border purchase options** (European Commission, mid-term): To scale up the number and efficiency of biodiversity

transactions across the European Union, it is recommended to develop a clearing house. This clearing house would serve multiple functions.

First, it will have a central counterparty function by acting as an intermediary between the buyer and seller of biodiversity certificate, effectively enabling the transaction. The clearinghouse would be responsible for financing project promoters of nature-positive projects, ensuring that such projects can be developed with certainty about the offtake of certificates and their sources of financing. At the same time, obliged parties would have to purchase the required biodiversity certificates from the clearing house, providing funding for the clearing house to operate. The clearing house would effectively fulfil the role of a marketplace for matching supply of capital and demand for biodiversity projects, reducing information asymmetry and transaction costs and creating liquidity.

Second, the clearinghouse would help counterparty risk management, by monitoring the creditworthiness of market participants, upholding standardisation and ensuring the rules of governance are respected. For instance, the clearinghouse could enforce respect of the EU quality standard by enabling transactions for biodiversity projects respecting the definition, certification and monitoring, reporting and verification processes for nature-positive projects by providing obliged parties with access to pre-vetted projects compliant with EU regulatory and sustainability requirements and by ensuring that investments lead to verifiable environmental outcomes. The lower perceived risk and streamlined operations are expected to encourage market participation by attracting more investors, thus increasing market liquidity and depth.

Third, the clearinghouse could also offer the potential for blended finance mechanisms. In case the pool of firms with obligations to purchase biodiversity certificates does not cover the entire pool of certificates purchased by the clearinghouse, it could combine public and philanthropic funds with the private contributions through structured financial instruments to de-risk nature-positive projects and make efficient use of different pools of capital.

In addition to the three primary functions of the clearinghouse, the institution could also help with the tracking and referencing of biodiversity transactions, collecting and aggregating internal data with data received from regional hubs and other marketplaces (if existing and if can be easily linked to the institution) to estimate the progress made towards NRR targets and propose updated interim targets and trajectories to the Commission to ensure that the objectives of the NRR are met by 2030 and 2050. In collecting and analysing all these data points, the clearing house could also support the watchdog (see Recommendation 5) in assessing the level of adherence to EU-approved standards and methodologies for project development and biodiversity certificate issuance, hence supporting market integrity.

3. **Introduce calls for biodiversity projects to address gaps and support price discovery** (European Commission and economic stakeholders, mid-term): Based on the evaluation of the current progress towards the NRR targets per ecosystem and per region/Member State, the Commission or EU member could initiate calls for biodiversity projects specifically addressing the NRR targets for which less progress is being made. The selection process should aim to provide the available resources to biodiversity financing projects presenting the most ecological gains for an acceptable price point, facilitating

price discovery and addressing market viability gaps. These calls for projects could be hosted by regional hubs or the clearinghouse, and the funding awarded would come from a guaranteed offtake (financing through the purchase of biodiversity certificates) from the clearinghouse.

4. Expert input from experienced project promoters, ensuring robust selection and support for high-impact biodiversity initiatives, as well as from blended finance solutions developed by the EIB (such as guarantees, technical assistance and so on) to support the bankability of these projects, could be helpful additions. A concept note on such calls for projects should be developed by the Commission, drawing from similar existing initiatives such as the Innovation Fund or the European Hydrogen Bank.

3.5 Strengthening the regulatory requirements related to biodiversity certificate purchase

Relevant for: **Financial institutions and corporates**	
Priority: **Medium**	Impact: **High**

3.5.1 Why it matters?

The fifth recommendation aims at strengthening the regulatory obligations of the economic stakeholders to act in favour of biodiversity. This comes from three sets of observations:

- First, regulatory requirements are essential to drive meaningful action on biodiversity because, without mandatory frameworks, most stakeholders are unlikely to take enough steps on their own. Survey responses consistently highlight that regulation is a primary factor influencing decision-making, implying that voluntary measures alone are not enough to prompt widespread engagement.
- Second, biodiversity restoration and conservation are critical to the European Union's overall economic resilience and natural resource sovereignty, making it vital that all sectors contribute proactively rather than relying on isolated, voluntary efforts. However, biodiversity is a public common good that suffers from the tragedy of commons, and individual stakeholders tend to underestimate the necessary investments needed to integrate biodiversity into their business models to ensure their long-term economic sustainability. As such, public action is necessary to address and correct this market failure.
- Third, aligning regulatory criteria with other sustainable finance initiatives such as the EU Taxonomy on biodiversity and the Kunming-Montreal principles would provide a consistent signal to respondents and financial institutions on their need to support biodiversity initiatives, ensuring coordinated and effective action across the market.

3.5.2 Key considerations

Increasing regulatory constraints on the EU economic stakeholders should account for the following considerations:

- One regulatory option could be to focus on mandating disclosures and reporting. This would require respondents to publicly report their biodiversity footprint and set clear biodiversity targets. Enhanced transparency drives accountability and encourages respondents to integrate biodiversity considerations into their core strategies, even if direct action is not immediately mandatory. Such disclosure requirements could be tied to existing frameworks, such as the Corporate Sustainability Reporting Directive (CSRD), to streamline implementation and comparability across the market. However, the adoption of the Omnibus package for simplifying the CSRD, Corporate Sustainability Due Diligence Directive and the EU taxonomy reporting in 2025 indicates that market players and policymakers have agreed on reducing mandatory environmental disclosures for the time being, effectively reducing the likelihood of success of introducing new biodiversity-related requirements.
- An alternative could be the development of a narrative on the responsibility to address historical negative impacts on EU ecosystems, which could lead to the introduction of mandatory requirements for the purchase of biodiversity certificates or direct, sector-specific biodiversity actions or projects. Responsibility could be attributed according to historical biodiversity degradation (if documented and comparable) or, alternatively, on current data such as economic stakeholders' CSRD or double materiality assessment insights on biodiversity and/or stakeholders operating in high-impact sectors such as agriculture, energy, transport and construction. The introduction of such obligation to either acquire certificates or undertake concrete measures could help the European Union ensure that all relevant parties systematically contribute from now on to biodiversity restoration and conservation. This approach addresses the current gap where voluntary actions are insufficient and ensures that efforts align with sectoral priorities and the scale of each party's impact.
- Other policy levers could also be considered, such as:
    - mandatory private sector contributions to the legally binding restoration targets under the NRR, for instance, via the National Restoration Plans (building on the implementation of Recommendation 1 to create the conceptual link with biodiversity certificates);
    - company-level measures such as mandatory introduction of nature-positive transition plans, science-based targets or integration of nature into corporate strategies and risk management frameworks; or
    - national or EU restoration and conservation schemes targeting biodiversity net gain, no net loss or offset (such as the United Kingdom's Biodiversity Net Gain scheme), which would create compliance demand for high-integrity biodiversity certificates.
- In the long term, regulatory efforts could also incorporate biodiversity into risk management frameworks, especially for financial institutions and their clients. For example, regulations from the European Central Bank (ECB) could incentivise banks to support biodiversity-positive projects by granting lower capital requirements to those financing such activities. Similarly, insured stakeholders could benefit from guidance on how to incorporate nature and biodiversity considerations in the calculation of insurance premiums, aiming to offer

reduced premiums when they proactively protect and restore biodiversity. By embedding biodiversity considerations into financial risk assessment and management, the European Union can extend the reach of biodiversity action to Tier 2 and 3 stakeholders, encouraging broader and deeper market participation.

- Throughout all these regulatory enhancements, it is crucial to carefully assess the impact on the competitiveness of European respondents, especially in the context of international markets where biodiversity requirements may be less stringent. Policymakers must strike a balance between short-term competitive pressures and the long-term economic resilience that healthy ecosystems provide. A well-calibrated regulatory approach should mitigate risks of disadvantaging EU respondents while emphasising that investing in biodiversity today is essential for sustaining Europe's economic prosperity in the future.

3.5.3 Concrete actions

To effectively reinforce regulatory requirements for economic stakeholders in the EU, the following concrete actions are recommended, each designed to ensure systematic and impactful contributions to biodiversity restoration and conservation:

1. **Introduce sectoral biodiversity targets with flexible compliance options** (European Commission, mid-term): As an alternative or complement to mandatory certificate purchases, it is recommended to establish sectoral biodiversity targets. In this case, stakeholders should be given flexibility to either undertake their own biodiversity-positive actions or purchase certificates to meet these targets. When developing their own and targeted actions, economic stakeholders should ensure that they leverage EU-approved methodologies and metrics for biodiversity accounting and have third-party verification of their biodiversity claims to ensure accountability and comparability across the market, leveraging the work that would be accomplished for synthetic metrics, among others.
2. **Establish the mandatory purchase of biodiversity certificates (European Commission and European Parliament, short term)**: This recommendation would consist of defining clear conditions under which economic stakeholders become obligated to purchase biodiversity certificates. This mandatory approach should be grounded in NRR national plans and aligned with EU's NRR targets and national sectoral targets and reflect the economic benefits derived from ecosystem services. Rather than attempting to directly correlate mandatory contributions with specific ecosystem impacts – which would introduce excessive complexity – it is recommended to set sectoral targets for high-impact industries such as agriculture, energy, transport and construction. Mandatory purchase of biodiversity certificates could then be extended to other sectors. Thresholds for mandatory financial contributions could be determined by factors such as CSRD or double materiality assessments results on biodiversity, sectoral exposure, legacy impact, company size and/or other relevant criteria.
3. **Integrate biodiversity disclosure requirements into existing reporting frameworks** (European Commission, short term): Independently of the options above and below, disclosure requirements should be strengthened by mandating that all relevant respondents include biodiversity-related disclosures within established reporting mechanisms, such as the CSRD. Additionally, clarifying within the EU taxonomy which

biodiversity activities are eligible and aligned with the taxonomy would help all stakeholders to demonstrate how their actions align with the EU objectives and can reinforce the appetite of financial players for respondents acting in favour of biodiversity.

4. **Incorporate biodiversity into financial risk management frameworks** (European Banking Authority, ECB, European Securities and Market Authority, long term): In the long term, it is advised to explore incentives for financial institutions to support biodiversity-positive projects. For example, it could be considered to reduce capital requirements for banks investing in such initiatives and/or integrating biodiversity certificates into the ECB collateral framework to address climate-related transition risks. Another area of intervention would be to support the development of novel methodologies to enable insurers to offer lower premiums to clients who proactively protect and restore biodiversity. The few interviews with insurers show that, currently, no model enables insurers to do so. These measures will embed biodiversity considerations into financial risk assessment and management, extending regulatory influence over a broader range of market participants.

3.6 Design incentives and financial arrangements to improve the return of investing in biodiversity

Relevant for: **Financial institutions and corporates**	
Priority: **Medium**	Impact: **High**

3.6.1 Why it matters?

The implementation of financial incentives by the Commission is essential to complement and reinforce the strengthening of regulatory requirements for biodiversity, as highlighted in the first recommendation, for the following reasons:

- **Regulatory measures alone may not be enough to drive widespread market participation**, especially when the perceived costs of compliance are high. By pairing robust regulations with targeted financial support mechanisms, the European Union can encourage economic stakeholders to adopt biodiversity-friendly practices more willingly, accelerating progress towards nature restoration goals while ensuring a just transition for businesses across sectors.
- **Integrating the positive externalities of biodiversity into public finance decisions** is a strategic move to address private sector concerns about the limited attractiveness and relatively high price of biodiversity certificates. Market participants often hesitate to invest in biodiversity projects due to uncertainties around returns, as explained in the “Key Findings” section. Public financial support – through instruments such as grants and guarantees or through favourable tax treatment – can help internalise the broader societal and environmental benefits of biodiversity, reducing risk and making these investments more attractive and competitive in the marketplace.
- **Supporting the return on investment for biodiversity projects** through financial incentives is a critical lever for driving large-scale engagement and capital mobilisation

from the private sector. By improving project viability and profitability, the EU members can catalyse a flow of investments into nature-positive initiatives. This approach not only accelerates biodiversity restoration but also fosters innovation, creates green jobs and strengthens the resilience of ecosystems that underpin long-term economic prosperity across the European Union.

3.6.2 Key considerations

When designing such incentives, three main considerations arise:

- **The need to appropriately balance decision-making between the EU level and the individual EU members**. Since environmental policies and financial regulations often fall under a mix of EU-wide and national prerogatives, it is crucial to determine which incentives are best coordinated centrally and which should be adapted locally. This ensures that incentives are effective and implementable, taking into account the diverse legal, financial and ecological contexts across the Union. Harmonising certain standards at the EU level, while allowing flexibility for EU members to tailor incentives to their specific contexts, can maximise participation and impact.
- **Customising incentives to match the diverse types of biodiversity certificates** and the wide array of market participants involved, such as insurers, banks and corporates. Different stakeholders face varying levels of risk, regulatory requirements and financial motivations, and the types of certificates (for example, valuing territorial resilience or value-chain insetting) may require unique approaches. By tailoring financial mechanisms, such as grants, tax reductions or guarantees, to the specific needs and business models of these stakeholders, the European Commission or EU members can enhance the attractiveness and effectiveness of biodiversity investments. This targeted approach supports broader market engagement and ensures that incentives are aligned with environmental objectives and the operational realities of different stakeholders.
- **Ensuring that incentives support trigger investments which would not have happened without incentives and targeted approaches** to crowd-in private financing in an efficient way. The design of the incentives should take into account existing public or philanthropic schemes and focus on supporting further mobilisation rather than displacing the channels towards biodiversity projects. Incentives might also differ across EU members to address the local economic and private sector context and expectations. The incentives could be designed in an iterative way, with testing and refinement, once the market has been properly set up and first transactions are happening, yielding insights into buyer and seller behaviours.

3.6.3 Concrete actions

To encourage economic stakeholders to invest in biodiversity certificates and increase their involvement in biodiversity-positive activities, a multifaceted approach is required. The following actions outline concrete steps that policymakers and regulators can take to create effective incentives:

1. **Develop business-oriented use cases and economic models** (European Commission, short term): Identifying and promoting clear business use cases for biodiversity certificates, such as enhancing territorial resilience and profitability of value chains by investing in climate change adaptation and biodiversity-positive projects, facilitating value-chain insetting and supporting ecosystem restoration projects, would help respondents understand the value of such instruments. This can be done by leveraging current EU pilot initiatives and best practices to demonstrate the economic and environmental benefits, building robust economic models that highlight the value proposition for respondents.
2. **Tailor public policy and regulatory incentives (European Commission and EU members, mid-term)**: EU members can design targeted public policy measures and regulatory frameworks that align with the specific needs of different business sectors. These could, for instance, include the reduction in harmful subsidies to create space for nature-positive investments, the introduction of tax incentives or the reduction of insurance premiums for businesses that use biodiversity certificates as part of their risk mitigation strategies, recognising the value of ecosystem services in reducing operational risks and making it financially attractive to invest in nature-based solutions.
3. **Innovate biodiversity financing instruments (EIB and European Commission, mid-term)**: The nascent nature of the nature credits mechanism offers significant potential for innovation. It is essential that its development be driven by transparency, a clear framework and a vision to foster integrity and participation for all. The European Union could explore new biodiversity financing instruments currently under development to support the emergence of these solutions in a context where a lack of liquidity and profitability are significant obstacles. For example, the range of assets could be expanded beyond nature credits to include units of investment vehicles financing integrated ecological restoration projects (for example, SNCRR in France). These units could be traded in conjunction with registries, eliminating the risk of double attribution of biodiversity gains. Such exploratory studies would help broaden the range of tradable assets and attract a wider range of investors (particularly financial institutions).

4 CONCLUSION

Although ambitious goals have been set since the entry into force of the Convention on Biological Diversity in 1993 and more recently under the GBF-KM agreement in 2022, biodiversity financing is still struggling to reach the expected levels. Closing the biodiversity financing gap – estimated at **$722 billion to $967 billion annually** – is an urgent priority. Public funding alone cannot address the scale of this challenge, and without significant contributions from corporates and financial institutions, public objectives for ecosystem restoration and conservation will not be met and biodiversity loss will accelerate, triggering irreversible ecological damage and systemic economic and financial crises.

The **Nature Restoration Regulation** reflects a clear understanding of this urgency, setting ambitious targets that require coordinated action from all stakeholders – public and private alike. Therefore, the challenge for European institutions is to catalyse funding as efficiently as possible and, by 2030, direct it towards actions that contribute to NRR targets.

To meet these objectives, the development of a **credible and sizeable voluntary biodiversity financing market** emerges as a key lever to crowd-in private capital and foster long-term engagement. **Biodiversity certificates** represent a practical and effective mechanism to catalyse private investment. However, success depends on more than the existence of the instrument:

- Visibility, understanding and perceived value of biodiversity certificates among private buyers must be strengthened.
- Financing flows must not only be redirected towards these instruments but also be scaled up significantly to support ecological restoration.
- Conditions that make biodiversity certificates attractive to investors must be clearly defined and carried out.

This report provides insights and actionable recommendations to **structure the market, enhance its credibility and enable its growth**, creating an environment where economic stakeholders are incentivised to invest in biodiversity restoration. By doing so, stakeholders will contribute meaningfully to reversing biodiversity loss and achieving the European Union's nature restoration objectives.

ANNEX

Annex 1: Supplementary information on the online survey

The online survey was administered through the Qualtrics XM via an individual link specific to each respondent, which was used to track response rates and match answers with a respondent's specific profile. The survey was administered between May and November 2025, during which 36 online survey responses were collected.

The questionnaire was organised as follows:

- **Responding firm's profile**: The first section helped assess how and to what extent biodiversity is embedded within the respondent's organisation, looking at defining the type of biodiversity strategy and actions in place and understanding the role of regulation and value-chain activities in the development of such strategies and activities. This section enabled the categorisation of the level of maturity and interest of the respondent in biodiversity.
- **Qualification and quantification of current and future biodiversity financing**: The second section dived further into the topic of biodiversity financing, focusing specifically on the typology of financing instruments or models used for biodiversity financing, the amounts financed (past, current and future), the motivations for biodiversity financing and any recommendations to the French State and/or to the Commission to incentivise respondents to scale up their biodiversity financing.
- **Evaluation of demand for biodiversity certificates (awareness, motivation or barriers for financing)**: The third section asked respondents to indicate the extent to which they are aware of, interested in and likely to purchase biodiversity certificates for voluntary biodiversity financing and to list and prioritise barriers and motivations for purchasing biodiversity certificates.
- **Recommendations and potential solutions for increasing demand for biodiversity certificates**: The last section focuses on the hierarchisation by relevance of proposed market design solutions to further mobilise private capital for biodiversity through biodiversity certificates.

Annex 2: Supplementary information on the structured interviews

The interviews were conducted online via MS Teams between May and November 2025, during which 37 interviews were held.

Interviews followed two different structures, depending on the nature of the French company.

A subset of 25 French respondents was selected by CDC Biodiversité for participating in the empirical placement exercise, which entailed that they received a detailed presentation of CDC Biodiversité's biodiversity certificate offering, followed by an open discussion on their motivations, barriers and recommendations to CDC Biodiversité to incentivise the uptake of their offering as well as a measure of the likelihood of engaging further with CDC Biodiversité on their biodiversity certificate offering. The interview also included a conversation about motivations,

barriers, wishes and recommendations to incentivise voluntary biodiversity financing more broadly.

The remaining 12 French respondents did not participate in the empirical placement exercise and were not presented with the possibility of engaging commercially with CDC Biodiversité on their biodiversity certificate. However, CDC Biodiversité's biodiversity certificate offering was presented for informational purposes only, followed by a discussion on their motivations, barriers, wishes and recommendations for designing biodiversity certificates and other policy, regulatory and market-based solutions to incentivise their voluntary biodiversity financing.

The interview structure for both types of structured interviews is presented below:

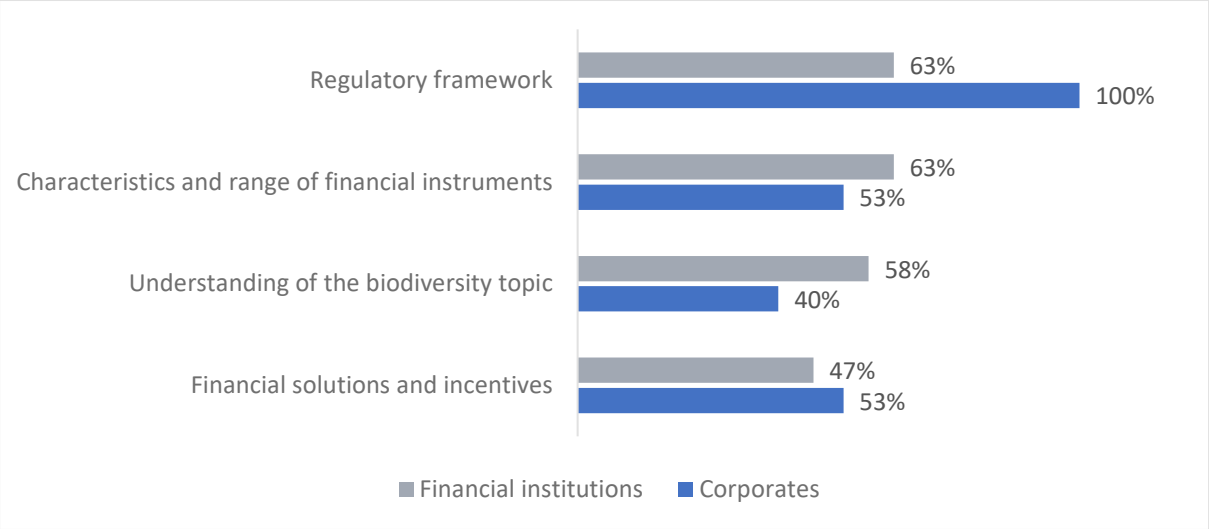
Interview section	**Inclusion in the interview for the pre-placement exercise and market discovery study**	**Inclusion in the interview for the market discovery study**
Presentation of the EIB objectives as the "EU Climate Bank" and the partnership between the EIB and CDC Biodiversité, by the EIB representative	Yes	Yes
Presentation of CDC Biodiversité, by the CDC Biodiversité representative	Yes	Yes
Presentation of CDC Biodiversité's biodiversity certificate offering, including the possibility to purchase high-integrity biodiversity certificates or to explore investment opportunities in ecological restoration projects generating biodiversity certificates alongside CDC Biodiversité, by the CDC Biodiversité representative	Yes – for commercial purposes	Yes – for informational purposes only
Discussion on the motivations, barriers and recommendations to incentivise purchasing CDC Biodiversité's biodiversity certificate	Yes	Yes
Measure of the likelihood of engaging further with CDC Biodiversité on their biodiversity certificate offering	Yes	No
Building on online survey responses, discussion on motivations, barriers, grievances, wishes and recommendations for policy, regulatory and market-based instruments to unlock private funds for biodiversity financing at the French, EU and international level	Yes	Yes

Annex 3: Suggestions to help economic stakeholders scale up their voluntary biodiversity financing and investments

Respondents shared suggestions related to the regulatory, policy, financial and market aspects of the current biodiversity financing market that, if executed, would help them scale up their biodiversity financing amounts. These suggestions addressed either scaling up biodiversity financing in general or specifically scaling biodiversity financing through biodiversity certificates. These suggestions were shared and captured through the survey and interviews.

The suggestions can be broadly grouped into five topical areas. The first four topical areas were in line with the categories of suggestions to scale up biodiversity financing presented for hierarchisation through the survey: (i) regulatory framework, (ii) characteristics and range of financial instruments (including biodiversity certificates), (iii) understanding of the biodiversity topic and (iv) financial solutions and incentives (Figure 23).

Figure 23: Share of respondents that would benefit from the implementation of suggestions in the selected category



The fifth topical area for suggestions emerged through the interviews, as economic stakeholders reflected on the manners to effectively carry out the suggestions mentioned in the survey: (v) market infrastructure or the institutional governance and set-up to enforce or carry out the different suggestions.

For ease of readability, the suggestions are consolidated and presented according to their topical areas in the section below.

Suggestions related to the regulatory framework

Corporates and financial institutions emphasise through the online survey and the interviews the need for a clear, stable and enforced regulatory framework for biodiversity financing. First, **the standardisation of the biodiversity-related regulation at the EU level** (and if possible, international level) is suggested through the survey by 83% of financial institutions and 60% of corporates. The sought-after consistency in the rulebook for biodiversity financing is explained in interviews by the need to create a level playing field for contribution to ecological restoration efforts and clarify the objectives and initiatives that will be put in place to meet such objectives. This standardisation is achieved to a lower extent with **regulatory strengthening**: while respondents are not so keen on the creation of extra binding laws or increasing the amount of data to be disclosed in non-financial reporting, they (and mostly financial institutions) are looking to see an **increase in the number of stakeholders obligated to finance biodiversity, and in the number of enforcement controls on the regulatory compliance of economic stakeholders in the biodiversity certificate market** (both suggestions were selected by 58% of financial institutions and 27% of corporates).

Additionally, 73% of corporates and 50% of financial institutions are suggesting **clarifying how biodiversity financing could serve the national, EU and international biodiversity-related public objectives**. Linking public objectives with entity level considerations for biodiversity is deemed useful as economic participants are looking for signals to steer their biodiversity efforts into a meaningful direction, while looking for greater recognition from public authorities of their contribution to biodiversity protection and restoration (suggested by 71% of financial institutions and 60% of corporates in the survey, discussed with 32% of participants in interviews).

When it comes to biodiversity certificates in particular, economic participants have prioritised suggestions that are fully in line with the suggestions made about generic biodiversity financing (the share of respondents having selected the suggestions as highly pertinent or pertinent is mentioned in the brackets following each suggestion):

- better link biodiversity certificates with public policy objectives (88%),
- harmonise the regulatory framework for biodiversity certificates at the EU level (88%),
- clarify the methods of valuing biodiversity financing in the extra-financial balance sheet (73%) and the financial accounting treatment of biodiversity certificates (76%) – suggestions that further call for clarification and standardisation of regulatory standards,
- harmonise how biodiversity certificates can be used for CSR communication and extra-financial reporting (67%) - suggestions also call for clarification and standardisation of regulatory standards, and
- increase the number of participants with a mandatory requirement to purchase biodiversity certificates (67%).

Suggestions related to the characteristics and range of financial instruments (including biodiversity certificates)

Corporates and financial institutions agree that the **credibility of biodiversity-related financial instruments must be improved** (88% of corporates and 77% of financial institutions,), more

specifically, the **credibility of biodiversity gain quantification methods** (83% and 92%, respectively) and **the credibility of impact evaluation and assessment tools and methods** (83% and 75%, respectively). This could be achieved by ensuring that biodiversity instruments benefit from robust biodiversity gain and impact calculation methodologies that can be easily actionable by private participants, fitting the types of data and measures to which they have access and which they want to disclose. The credibility of biodiversity instrument could also be improved through **defining EU-wide quality standards** (75% and 85%, respectively). This can be related to the desire to improve the credibility of the frameworks and tools used to translate biodiversity into a financeable asset. This could also be linked to biodiversity being a strategic topic for most respondents, while the absence of credible instruments makes it more prone to be financed through philanthropic donations than other means.

When it comes to biodiversity certificates, many participants have called for **increased transparency and standardisation of the instrument to safeguard its credibility** (88% of survey respondents have selected this as a highly relevant or relevant suggestion, and it has been discussed with 45% of respondents in interviews); this could be implemented by a decision on the methods, measures and other underpinning parts of the instrument that would ensure enough integrity for an EU-certified biodiversity certificate. Relevant suggestions have been prioritised through the survey, including:

- increase transparency on the price setting method (88%) and standardise the price setting method (82%),
- harmonise the impact calculation methods (79%),
- clarify the types of biodiversity projects and impacts (for example, location and species) underlying the different biodiversity certificates available on the market (79%), and
- create an EU quality label for biodiversity certificates (79%).

Additionally, corporates, more than financial respondents, have mentioned in interviews the suggestion to develop a robust yet flexible biodiversity certificate that can address different biodiversity issues and purposes according to the buyers' specific context, whether for business use cases for purchasing such instrument (climate resilience, safeguarding of the provision of ecosystem services, value-chain insetting and so on) or for ecosystems (forest, land, maritime, pollinators and so on).

Suggestions related to the understanding of the biodiversity topic

Participating respondents, even though selected for their maturity in integrating biodiversity considerations in their ESG and business strategies, acknowledge their limitations in fully grasping the strategic value of biodiversity. Corporates and financial respondents alike would suggest information packages, capacity building efforts and other initiatives so they can **gain a better understanding of the risks and costs associated with biodiversity loss** (83% of corporates and 67% of financial respondents,, respectively) **and a better understanding of the economic benefits of biodiversity conservation** (67% and 83%, respectively) – in both cases, it is about understanding the value biodiversity brings to their industry in tangible, financial terms. These suggestions align with the earlier findings that biodiversity can serve for the competitive

positioning and brand image of the company, as these would translate into improved financial performance and business resilience.

About biodiversity certificates, respondents are advocating for **support in building their capacity of using biodiversity-related financial instruments** to carry out their biodiversity strategy (83% of corporates and 58% of financial respondents,) and, more specifically, their capacity to use biodiversity certificates (82% of respondents). These suggestions point to a need for targeted and tailored support to make sense of the regulatory, policy and financial instrument-related developments advocated above.

Last, respondents are advocating for **greater public awareness and knowledge raising around the importance of biodiversity** (highly relevant or relevant for 76% of respondents) and for **increased public promotion of biodiversity certificates** (70%), as more societal pressure and client considerations for biodiversity could boost the positioning and hence economic results of pro-biodiversity respondents. Financial respondents also prioritise public information to help the wider **public become aware of the impact of biodiversity losses**, which could help boost demand from nature-positive banking and investment instruments (71%).

Suggestions related to the financial solutions and incentives

Corporates and financial respondents, although financial respondents are less inclined than corporates to recommend fiscal incentives over other solutions to boost biodiversity financing, agree that the way to do so would be through **tax deductions/credits for biodiversity investments** (88% of corporates and 78% of financial respondents,, discussed in interviews with 37% of participants). This would align with the fiscal treatment of philanthropic donations, the method most commonly used by respondents to finance biodiversity and the fiscal incentive with which they are most familiar.

Corporates also value access to direct public aids, such as grants (88% vs. only 33% for financial respondents). This could notably be explained by the difficulty experienced in finding reasonable links between their corporate mission, public policy objectives and biodiversity conservation and, more generally, the lack of business case for biodiversity-positive investments. When it comes to biodiversity certificates, survey respondents have suggested **combining the purchase of certificates with access to public aid** (for example, grants, subsidised interest rates or tax deductions; 61%) – reiterating their need to receive sizeable incentives to mobilise capital in the voluntary biodiversity financing market.

Overall, this set of suggestions comes as a counterbalance to the suggestions related to the reinforcement and harmonisation framework, which seems to indicate that both items would be important to support the emergence of the nascent market and ensure biodiversity financiers remain competitive on the global market.

Suggestions related to the market infrastructure

When discussing with respondents the implementation aspects of their suggestions to scale biodiversity finance, appropriate market infrastructure and governance have been suggested as a prerequisite. Respondents are suggesting to **officially introduce an EU biodiversity certificate**

market (79%), which would enable us to check, record and vet biodiversity transactions within the integrity and regulatory boundaries set through the other suggestions.

Additionally, respondents mentioned the need for informational building blocks to this market infrastructure, such as **access to high-quality biodiversity databases** that can be leveraged to drive their decision to purchase (discussed in 29% of interviews) and to a **public registry of credible sellers and buyers of biodiversity certificates** (67% of survey respondents find it highly relevant or relevant).

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pdf: ISBN 978-92-861-6180-3

2026-0074