



Biodiversity Offset and Credit: Solution or another false solution?

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What are biodiversity credit and offset?



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

or Biodiversity credits are financial certificates deemed to correspond to a certain quantity of biodiversity saved from destruction or restored by a land owner/project developer, that can be sold to organisations and individuals, most often so that they can falsely claim that it compensates for their own destruction. **They are also sometimes called biodiversity certificates or nature credits but there is no real difference.)**

Difference biodiversity and carbon credits

Carbon credits correspond to actions deemed to avoid or sequester greenhouse gas emissions, whereas biodiversity credits correspond to actions deemed to avoid the destruction of natural habitats and species or to restore and recreate them.

While carbon credits are a simplification of 6 main greenhouse gas into one unit, biodiversity credits require simplifying millions of species into a few units, which is impossible

How it started?



Massive biodiversity loss and increased destructive economic development

Globally, the biodiversity loss numbers are staggering. WWF documented a 69% average loss in the abundance of mammal, bird, reptile, fish and amphibian species since 1970.

The populations of vertebrates living in freshwater ecosystems have declined even more, by 83% on average over the same period. The rate of extinction is now 100-1,000 times faster than scientists would expect



Financial Gap to fund nature

It is estimated that the global biodiversity finance gap will range from between US\$598 to US\$824 billion annually until 2030.



It's started from long time ago

While biodiversity offsetting has a long history – from the first US mitigation banks in the 1980s to the launch of New South Wales' Biodiversity Banking and Offset Scheme in 2008, and the failed attempt by the European Commission to include it in its revision of the EU Habitats and Birds Directives in 2014 – the last few years have seen many key institutional developments.

IBSAP 2015-2020

To implement IBSAP 2015-2020, the funding needs reached USD 2.17 billion/year or around Rp33.6 trillion/year

Fund availability	States budget	IDR 9-10 T/yr	USD 0,5 B/yr
	GEF support	IDR 0.21 T/yr	USD 0,014 B/yr

Funding gap estimation **74%**

IBSAP 2025-2045

Initial assessment to implement 14 national target for current IBSAP (2025-2045) will cost around

Rp70,69 – Rp75,53 trillion/year

Indonesia has enabled biodiversity offset and credit schemes through Law No. UU 32/2024; PP46/2017 (IELH); PP 26/2020 (rehabilitas dan reklamasi hutan); POJK 51/2017 (SR); Permen LHK 1/2021 (PROPER); PerMenLH 2/2025 tentang PJLH. Strengthened by IBSAP target 19.4 (market based solution)

CARBON CREDITS VS BIODIVERSITY CREDITS



1 Agreed Fungible Unit tCO₂-ed

2 Enabled by the global goal of 1.5C under the Paris Agreement and Corporates' climate strategies

3 Clear claims that resonate with the stakeholders

4 Uniformity across the world trade

5 Carbon mitigation is the primary objective, while ecological processes are co-benefits

1 No agreed unit- fungible or otherwise

2 Not Driven by any single common global biodiversity goal but by nature regulation- EU, TNFD, SBTN

3 Lack of clarity in the claims

4 800+ different eco-regions

5 Ecological process is the primary objective, carbon may be a co-benefit



Credit Schemes

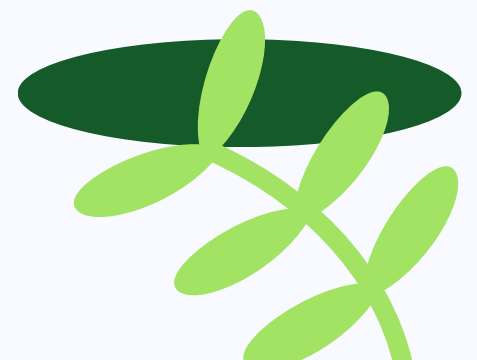
STANDARDS



Gold Standard



METHODOLOGIES



Biodiversity Credits Framework

Buyer	claims reflect progress towards actual biodiversity positive outcome
Supplier	permit any activity type, including biodiversity co-benefits
Government	Provide guidance on appropriate approaches

Standard bodies	assess criteria such as additionality, durability, leakage and overlapping claims
Supplier	evidence and verify additionality
VVB	provide financial and legal assurance

Standard bodies	Ensures local community rights are respected including mandating FPIC procedures
Supplier	compliance with local community law, domestic law and international law
Government	Comply with relevant international rights protection Frameworks

Buyers	measure and disclose the environmental impact
Supplier	Transparent and accessible metrics
Government	maintain approved methodologies and a registry of projects.
Standard bodies	establish an accreditation system for buyers

Biodiversity outcome (supply integrity)

Local community right

Governance & Market Development

Demand integrity

Supplier
Specify biodiversity objectives: restoration, avoided loss, maintenance.



BD Credits objective



Credit issuance and monitoring



MRV and Audit



GRM and benefit sharing

Standard bodies	ensure credible assurance of claims and credits
VVB	Validating the issuance and any withdrawal
Government	Credit be governed by established rules or protocols

Standard bodies	accredit verification organizations; Implement standardized metrics
VVB	provide robust, independent third-party assurance, validation and verification
Government	Provide access to technical capacity
Supplier	Adopt MRV approach.

Standard bodies	implement accessible and effective grievance mechanisms on digital platforms
Supplier	engage with LCs in a way that recognises, protects, and reinforces their right
Government	Regulate benefit-sharing mechanism as a criterion for certification, and verify project
Buyer	partner with LCs by funding projects and schemes

Failure of Mitigation Hierarchy

The mitigation hierarchy is a systematic approach that prioritises actions to avoid, minimise, restore, and lastly, offset the residual impacts of development on biodiversity. This hierarchical order is designed to align with the principles of sustainable development, emphasising the importance of first avoiding and minimising impacts before seeking offsets. Let's look into it further...



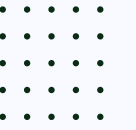
1. Avoidance: The first and most important step is to avoid any activities that could harm nature in the first place. This means planning projects in a way that prevents damage to critical habitats or species.

2. Minimisation: If it is impossible to avoid some impact, the next step is to minimise it. This means adjusting the project's design or methods to reduce its negative effects as far as possible.

3. Restoration or rehabilitation: After impacts have been minimised, companies should work to restore or repair the damage done to the environment. This could mean replanting trees, cleaning up polluted areas, or repairing disturbed habitats.

4. Offset: If the damage can't be fully restored, it is acceptable to offset the remaining damage as a last resort.

Unsurprisingly, there seems to be an over-reliance on offsetting in development projects at the expense of the earlier steps in the hierarchy.



Who gets the benefits

Governments

Destructive business industries

Intermediary orgs

Conservation project makers

Biodiversity and Carbon Cowboys

How about Indigenous Peoples and Local communities???



Participant, beneficiaries

Most of the documents and sources explain community as beneficiaries of the projects and place them in the context of participation



BIODIVERSITY OFFSETS & HOW THEY WORK

THE DESTRUCTION

STEP

1 Natural area (Destroyed)

- Ecosystem destruction
- Land degradation
- Loss of biodiversity, indigenous species and natural habitat.
- Displacement of Indigenous Peoples and Local Communities. (IPLCs)
- Detrimental effects on ecosystem services outside the area of destruction
- Local and global impacts on climate with decreased ability to sequester emissions.
- Increased emissions and pollution as a result of increased industrial and economic development.

OFFSET HABITAT 'RESTORATION'

STEP

2 Natural area (Identified & 'Restored')

- Ecological restoration comparable to original ecosystems not possible
- Interim biodiversity loss outweighs any possible long term potential biodiversity gain
- Restoration takes a long time to reach even minimal comparative ecosystems.
- Long term restoration implementation lacks continuity and oversight.
- Financial costs of restoration are high.
- Available empty land often non-existent and other ecosystems appropriated.

THE OFFSET

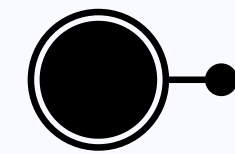
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STEP

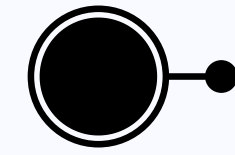
2 Natural area (Seized & 'Preserved')

- Where there were two valuable ecosystems, now there is only one.
- Potential ecosystem loss should not equal automatic offset potential.
- Designated offset sites often have no need for additional protection.
- Increased poverty and human rights violation due to exclusion of IPLCs.

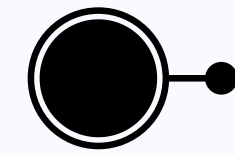
Key Problems



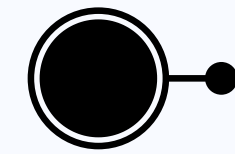
Lack of clarity of benefits and ownership for actors who contribute to biodiversity conservation and sustainable use



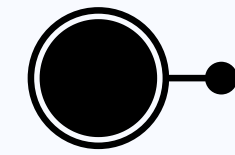
Enabling more greenwashing and green grabbing by simplifying biodiversity units



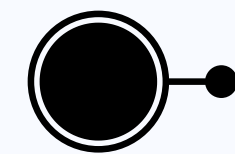
More nature comodification and neo-colonialism practices



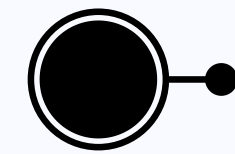
Distract main cause of biodiversity loss



Disrespecting socio-cultural values of biodiversity for vulnerable groups eg Indigenous peoples, local communities, and women



Exclusive schemes and enabling another form of Carbon cowboy in grassroot level



Premiumization of Carbon credits



Focus to the Real Cost and Solutions



Protect the Rights of IPs and LCs

Territorial rights, FPIC, human rights safeguards, redress mechanism



Halt the real cause of biodiversity loss

stops financial flows and investment and is harmful for biodiversity, remove harmful subsidies, shifting from a capitalized and consumptive economic development



Public and non- market based finance

Provision of grants, redirect harmful finance towards biodiversity protection, adress sovereign debt in just and equitable ways,



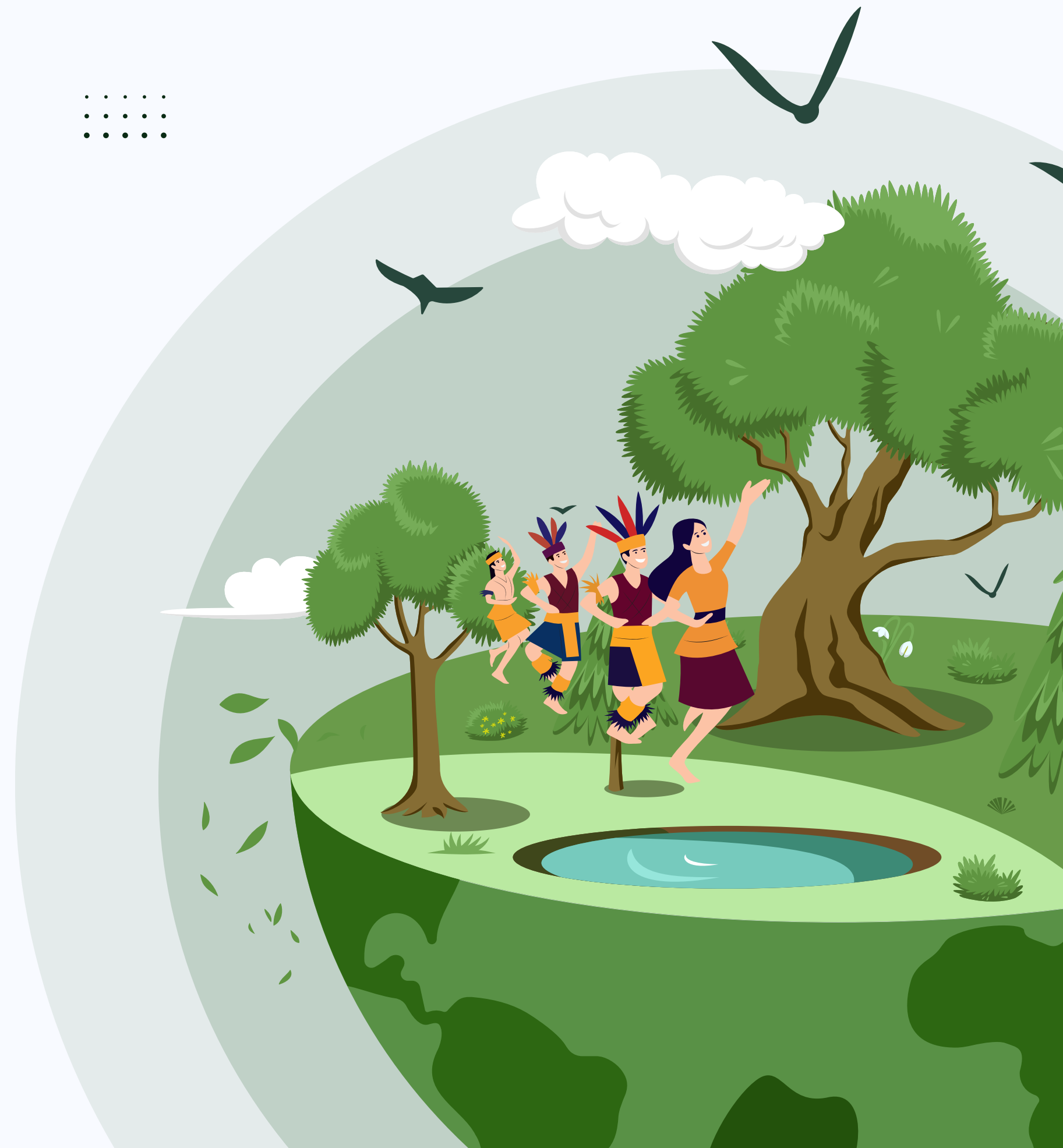
Direct access to fund for conservation actors

IPs, LCs, women and other actors



Promote an inclusive and bio-cultural economic approach

agroecology, traditional ecological knowledge



DON'T BE FOOLED!

BIODIVERSITY MARKETS ARE FALSE SOLUTIONS

Stop the promotion, development and use of biodiversity offsetting and crediting schemes. Instead, prioritize transformational change in tackling the underlying causes of biodiversity loss

SIGN ON

Thank You



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