



Biodiversity for Life 2.0 Facility

Accelerating national biodiversity credits

Proposal for a methodology for a Rapid Feasibility Assessment

Goal of this note

The ongoing global biodiversity crisis highlights the pressing need for innovative financial solutions, including the use of 'biodiversity credits'. According to the Biodiversity Credit Alliance, these credits represent a verified, measurable unit of positive biodiversity impact that goes beyond what would naturally occur. They are defined as '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'. Despite their potential, however, there is still a lack of consensus regarding the definition, legal aspects and market structures of such novel instruments.

This note outlines a set of criteria and indicators¹ to assess countries' readiness and potential for issuing biodiversity credits².

The proposed scoring method and thresholds in this paper (where these are provided) should be understood as indicative and a starting point for reflexion on the methodology. Threshold levels to be used in the implementation of the methodology should be reviewed and determined by INTPA to ensure the most conducive countries are selected.

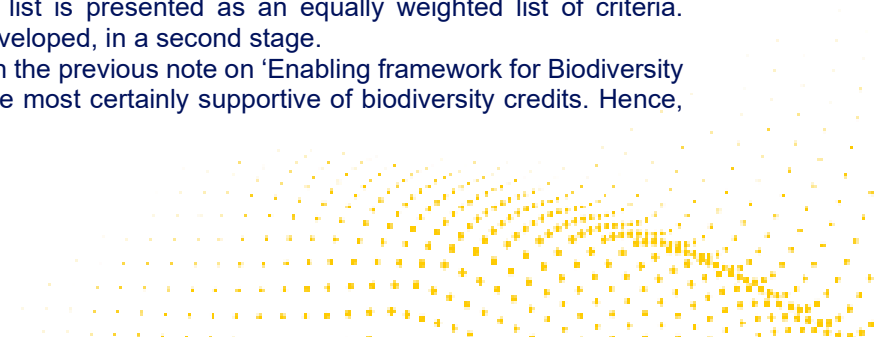
Methodology³

Creating a methodology to assess a country's readiness for developing and implementing biodiversity credit schemes requires a multidimensional approach, considering governance aspects, environmental factors, market conditions and societal engagement. This methodology relies entirely on publicly available, high-quality data and reputable sources, enabling the assessment of a country's readiness for biodiversity credits without field data collection. The country biodiversity credits readiness assessment indicators are grouped into the following categories:

¹ This paper draws on an Abatable paper regarding an index methodology for Voluntary Carbon Markets, in particular regarding the Investment Landscape criteria: <https://abatable.com/vcm-investment-index/>

² In the first iteration of this checklist, this list is presented as an equally weighted list of criteria. Differentiated weights could, however, be developed, in a second stage.

³ This note should be read in conjunction with the previous note on 'Enabling framework for Biodiversity Finance', as the themes mentioned there are most certainly supportive of biodiversity credits. Hence, duplication was avoided between notes.



Environmental and ecological context:

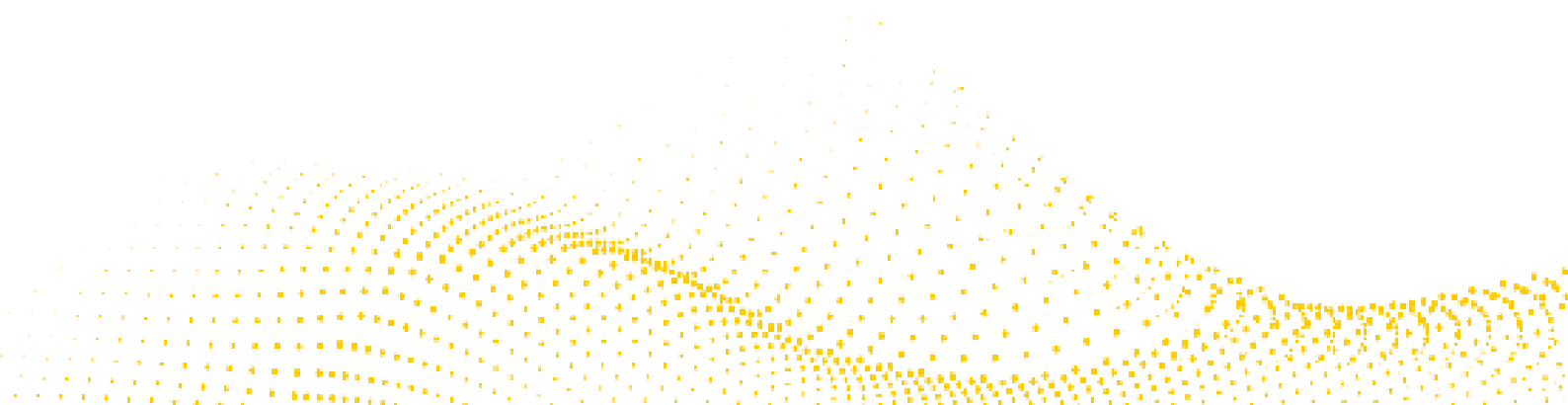
Evaluate the country's natural assets, biodiversity, and current environmental conditions.

1. **Governance and regulatory frameworks:** assess the country's political, institutional, and legal capacity to support biodiversity credits.
2. **Biodiversity-related efforts:** assess the country's ongoing efforts, commitments, and track record in biodiversity conservation, including compliance with international agreements and the implementation of conservation projects.
3. **Market conditions and economic viability:** analyse the economic infrastructure and market readiness for biodiversity credits.
4. **Social and community readiness:** assess the social acceptance and involvement of local communities in biodiversity conservation efforts.
5. **Institutional and technical capacity:** measure the country's capability to implement biodiversity credits from a technical and institutional perspective.

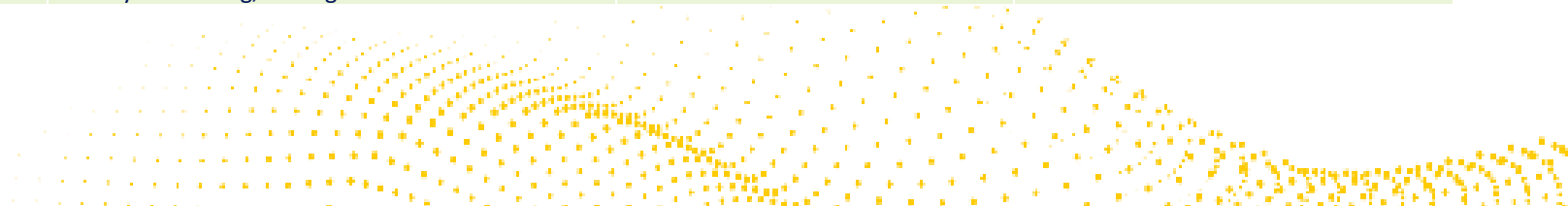
Detailed methodology including indicators, their construction methodology, data sources and scoring metrics is available in the table below

Scoring Methodology and Aggregation

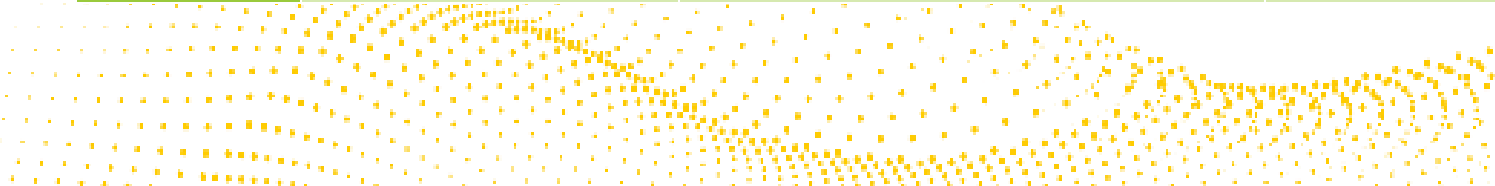
- **Scoring system:** Each indicator is scored on a scale of 1-5, based on publicly available data.
- **Weighted categories and indicators:** Each category can be weighted according to its importance. For instance, governance and regulatory framework, biodiversity conservation efforts, and institutional and technical capacity could be given higher weight (e.g. 25 % each), with environmental context and social readiness weighted slightly lower (e.g. 15 % each). The same logic can be applied to each indicator within the different categories.
- **Final score:** Scores are aggregated across all categories to give a final readiness score.
 - **High readiness:** Score > 4.0
 - **Moderate readiness:** Score between 3.0 and 4.0
 - **Low readiness:** Score < 3.0



Category	Indicator	Methodology	Data source	Scoring method
Environmental and ecological context	Biodiversity richness	Evaluate the number of endemic species and ecosystems, along with threatened species counts (using IUCN Red List).	IUCN Red List (species and ecosystems), World Bank Biodiversity Indicators.	5 (> 40 % threatened species), 3 (20-40 % threatened species), 1 (< 20 % threatened species), using IUCN Red List data.
	Ecosystem health and degradation	Use deforestation rates, habitat loss data, and ecosystem degradation metrics to assess the state of ecosystems.	Global Forest Watch, World Bank data.	5 (low degradation) 3 (moderate degradation) 1 (high degradation)
	Protected area coverage	Assess the percentage of the country's land and marine areas designated as protected. Compare with the Global Biodiversity Framework's Target 3 (30 % protected terrestrial and marine areas by 2030).	UNEP-WCMC World Database on Protected Areas (WDPA), national reports.	5 (Protected terrestrial and/or marine areas ≥ 30 %), 3 (Protected terrestrial and/or marine areas between 15 % and 30 %), 1 (Protected terrestrial and/or marine areas < 15 %).
Governance and regulatory framework	Political stability and government effectiveness	Use the World Bank's worldwide governance indicators (WGI) for 'Political Stability' and 'Government Effectiveness'.	World Bank Worldwide Governance Indicators (WGI).	Percentile rank above 60 = 5, between 40-60 = 3, below 40 = 1.
	Legal framework for environmental protection	Review if the country has enacted laws and regulations that cover biodiversity, habitat protection and sustainable use of natural resources.	UN Food and Agriculture Organization (FAO) database of treaties, laws and regulations on food, agriculture and renewable natural resources (FAOLEX), and environment law database (ECOLEX).	5 (comprehensive laws with enforcement mechanisms), 3 (basic framework, lacking enforcement), 1 (no framework)
	Legal recognition of biodiversity credits and related contractual agreements	Is there a legal framework that supports enforcing contract law, common law and commodity law, including laws and policies? Are there liability mechanisms regarding performance failure of credit-generating projects, and applicable dispute-resolution mechanisms?	National legislation ECOLEX.	5 (comprehensive laws with enforcement mechanisms), 3 (basic framework, lacking enforcement), 1 (no framework)
	Regulation	Review how biodiversity credits are regulated by governments and financial services regulators. Regulation should help manage credit-related risks such as insider dealing, market manipulation and money laundering, among others. Are there	National legislation ECOLEX.	5 (comprehensive laws with enforcement mechanisms), 3 (basic framework, lacking enforcement), 1 (no framework)



		independent governance structures to ensure high-integrity markets (for example by establishing independent bodies to oversee markets)?		
	Transparency, credibility and high integrity	Review of used standards for measurement and monitoring of credits underpinned by relevant scientific methodologies; third-party validation of crediting methodologies; verification of project benefits by issuers, issuance, tracking and cancellation of credits in public registries; establishing processes to avoid double-counting; as well as data access and data sharing about projects' design, implementation, contracting, pricing, credit ownership and credit issuance.	Adherence to the core carbon principles (CCPs) EU guidance on high integrity credits (when available)	5 (comprehensive laws with enforcement mechanisms), 3 (basic framework, lacking enforcement), 1 (no framework)
	Land tenure security	The country's perceived tenure security, based on the percentage of people who believe it is unlikely or very unlikely they could lose the right to use their property or part of it against their will in the next five years.	Prindex	Percentile rank above 60 = 5, between 40 and 60 = 3, below 40 = 1.
Biodiversity conservation efforts	National conservation policies	Review national policies targeting biodiversity conservation, including habitat restoration, species protection and pollution control efforts.	OECD PINE Database, Convention on Biological Diversity (CBD) reports.	5 (strong policies with enforcement), 3 (moderate policies), 1 (weak or no policies), using OECD PINE Database and CBD reports.
	National biodiversity strategies and action plans (NBSAP)	Check if the country has submitted an NBSAP to the Convention on Biological Diversity (CBD) and assess the level of detail and updates.	Convention on Biological Diversity (CBD) website, national reports.	5 (recent NBSAP with clear objectives), 3 (NBSAP exists but outdated), 1 (no NBSAP).
	Biodiversity tax and expenditure related performance	Check the level of performance of the national budget relative to biodiversity (conservation) action	National audits, Ministry of Finance	> 85% execution = 5, > 66% = 4, > 50% = 3, > 33% = 2, < 33 = 1.
	Protected area management	Assess the quality of management in protected areas, including funding, management plans and enforcement mechanisms.	UNEP-WCMC Protected Areas Database, Environmental Performance Index (EPI).	5 (well-managed protected areas), 3 (moderately managed), 1 (poorly managed), using UNEP-WCMC and EPI data.
	Participation in global conservation initiatives	Check the country's participation in global programmes such as voluntary climate mitigation framework REDD+, 30x30 Initiative, or the Ramsar Convention, which indicate commitment to conservation efforts.	UN REDD+ Programme, International Union for Conservation of Nature (IUCN), Ramsar Convention.	5 (active participation in multiple global initiatives), 3 (participation in some), 1 (no participation), using data from REDD+, Ramsar, IUCN.



	Restoration and conservation projects	Review the number and scope of ongoing national and sub-national conservation or ecosystem restoration projects.	National environmental agencies, UNEP reports.	5 (numerous large-scale projects), 3 (some projects), 1 (few or no projects), based on national environmental agencies and UNEP reports.
Market conditions and economic viability	Existing environmental markets	Examine the presence of market-based instruments such as carbon markets, payment for ecosystem services (PES), biodiversity offset mechanisms or previous experience in issuance of independently verified biodiversity net/positive units.	World Bank Carbon Pricing Dashboard, Forest Carbon Partnership Facility. Verra Standard on biodiversity credits, Plan Vivo Foundation on Markit.	5 (active market), 3 (emerging market), 1 (no market), based on instruments such as PES, carbon markets or biodiversity offsets.
	Foreign direct investment (FDI) in green sectors	Assess the total foreign direct investment (FDI) in environmental or sustainability projects using public data sources.	UNCTAD, World Bank Foreign Direct Investment database.	5 (>USD 1 billion FDI in green sectors), 3 (USD 500 million to USD 1 billion), 1 (< USD 500 million), based on World Bank and UNCTAD data.
	Green finance policies	Review national strategies that promote green finance, including green bonds, environmental taxation and subsidies for biodiversity projects.	OECD Green Finance Database, national policies.	5 (comprehensive policies with strong incentives for green finance), 3 (some policies but weak enforcement), 1 (no policies), using OECD Green Finance Database.
	Government expropriation risk	Measured by the country's expropriation risk score as provided by Credendo's Country Risk - Expropriation and Government Action Risk (the risk that a government forcibly takes over the ownership of privately owned property without proper compensation. This acts as a proxy for ensuring that biodiversity credit projects will be durable and that the seller has both the right to the biodiversity represented by the credit and the right to carry out the activities under the relevant biodiversity credit scheme).	Credendo. https://credendo.com/en/country-risk	5: Credendo score 1 4: Credendo score 2 3: Credendo score 3 2: Credendo score 4 1: Credendo score of 5, 6 or 7
Social and community readiness	Indigenous and local community engagement	Assess the involvement of indigenous peoples and local communities (IPLC) in biodiversity management, using national biodiversity strategies, NBSAPs, and reports from international bodies (e.g. Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)).	IPBES Global Assessment, Landmark Map, NBSAP reports.	5 (high involvement with clear benefit-sharing mechanisms), 3 (moderate involvement), 1 (low involvement), based on IPBES reports and national NBSAPs.



	Social equity and benefit sharing	Examine national policies and frameworks to ensure equitable distribution of benefits from biodiversity projects.	UNDP Human Development Reports, national policies.	5 (clear and enforced benefit-sharing policies), 3 (moderate policies), 1 (no benefit-sharing policies), using UNDP reports.
	Public awareness and support for conservation	Assess public support for biodiversity conservation through available surveys or reports on the general population’s understanding and involvement.	National surveys or public reports, World Values Survey, UNDP country reports.	5 (high public awareness and support for conservation), 3 (moderate public support), 1 (low public support), based on available surveys and reports.
Institutional and technical capacity	Availability of technical expertise	Assess the availability of local biodiversity experts, training programmes, and academic institutions involved in biodiversity monitoring.	UNESCO reports, national education reports.	5 (high availability of biodiversity experts and programmes), 3 (moderate availability), 1 (low availability), using UNESCO and national data.
	Institutional capacity for biodiversity governance	Assess the strength of biodiversity-related institutions using the Yale Environmental Performance Index (EPI) or World Bank governance data.	Yale Environmental Performance Index (EPI), World Bank governance indicators.	1-5 based on institutional quality rankings as indicated by EPI and World Bank governance data.
	Technology infrastructure for biodiversity monitoring	Evaluate the country’s access to satellite monitoring, GIS and other remote-sensing technologies necessary for biodiversity tracking.	UNEP technical capacity reports, national technology infrastructure data.	5 (advanced remote sensing and GIS access), 3 (moderate access), 1 (limited or no access), based on UNEP technology infrastructure data.
	Independent verification and certification capacity	Check if the country has independent certification bodies for biodiversity credits, such as Verra or Plan Vivo.	Verra Registry, Plan Vivo or similar biodiversity credit certification bodies.	5 (established independent verification and certification bodies), 3 (emerging certification capacity), 1 (no certification capacity), based on Verra, Plan Vivo.

