

**UN Climate Change COP 28
Dubai, United Arab Emirates**

Outcome Document

**“ENHANCING CONSERVATION AND RESILIENCE
THROUGH BIOCREDITS:
COLLABORATIVE MARKET DESIGN THROUGH SOUTH-
SOUTH LEARNING.”**

Organized by the following partners:

NatureFinance and FSD Africa



**NATURE
FINANCE**



**5 December 2023, 10:30 – 11:30 GTS
Global Climate Action, Al Jeer Lab**

**“Enhancing conservation and resilience through biocredits:
Collaborative market design through South-South learning.”**

Action Event / Implementation Lab



**COP²⁸
UAE**

**Enhancing conservation
and resilience
through biocredits**

Collaborative market design
through South-South learning

Tuesday, December 5th | 10:30-11:30 (GTS)

Global Climate Action Zone - lab 2 Al Jeer



Key Messages:

Nature is being increasingly priced into markets – this increasing pricing and valuing of nature could catalyse a nature economy where markets are nature positive and equitable OR, through inadequate governance, lead to accelerated biodiversity loss, climate change and inequalities. Beyond challenges in market architecture and regulation, the concept of ‘credits,’ akin to carbon credits, has attracted skepticism over its effectiveness, additionality and leakage issues, and the risk of perpetuating pollution and damage to nature by allowing companies to buy offsetting credits instead of reducing their own emissions or minimizing their impacts on nature. As an alternative, the concept of “**biodiversity units**” or credits aims to address these challenges. These units signify verified biodiversity outcomes and quantifiable stewardship effort, integrating transaction costs and collateralization potential, thus transcending traditional market mechanisms to create new opportunities.

As carbon credit markets have demonstrated, **it is hard to retrofit good governance onto markets** which continue to deliver inequitable outcomes. Biodiversity credit markets present an opportunity to reshape all nature credit markets, including carbon, in the next two years by grappling with the governance upfront in how these markets are designed and by whom, namely ground up stakeholders, so that these markets are able to deliver on nature positive impacts, sustainable livelihoods and stewardship remuneration and are robustly governed and effectively regulated.

Nature credit markets face five core design challenges:

1. Measuring the state of nature.
2. Stimulating timely, sustained, and effective demand for credits with associated financing.
3. Ensuring sufficient, high-integrity supply of credits offering a nature-positive outcome.
4. Securing equitable distribution of rewards to project developers, sovereigns, and Indigenous Peoples and local communities.
5. Establishing robust and participatory governance and broader institutional arrangements.

Equitable rewards – nature has intrinsic value which could be monetised, traded, and collateralised for the benefit for people and economies. IPLCs as nature’s stewards should be principally rewarded. How should rewards be distributed between local and sovereign levels, and on what basis? What role should sovereigns play in regulating these transactions and markets? Consensus was reached in this session on the need to build an architecture which drives equity at sovereign and local levels, which may require price floors and different policy, compliance and regulatory frameworks regionally or at the national level. An assertion, especially from IPLCs, that sovereigns and governments should not financially benefit from what is delivered at the local level. Could develop more distributed markets where the prestige of the delivery of a stewardship group, for example, the Paiter-Surui credit, could fetch a premium on the market because of what it offers relative to other market offerings, rather than following the verification model of carbon markets, with the role of governments to ensure enabling regulation.

Demand – will voluntary demand be sufficient? How do we deal with this so it’s not just a low hanging fruit of CSR when we could use taxes and other ways of driving finance to nature. Suggestion of a system

of benefits, such as selling the cancellation codes for these benefits - what you are measuring is what is spent per benefit. Corporates don't necessarily need commoditised benefits but could be incentivised/mandated to contribute directly to National Determined Contributions through nature and biodiversity investments, such as biodiversity credits – this was noted as a missed opportunity in the Paris Agreement. However, this could be harnessed under Article 6.8 and should be actively pursued.

Outcomes:

This robust roundtable discussion represents an important step to raise the question of what it is we want to see in the development and expansion of an equitable biodiversity credit market and how it should be governed so that it becomes a promising and sustainable financial mechanism aligned with the objectives of the Global Biodiversity Framework. This discussion contributed to the Global Stocktake by adopting a solutions-oriented approach, and bridging the political and technical divides to enable scalable financial mechanisms with a potential global impact on outcomes for nature and humanity to scale. It did this by bringing together development and governance learnings from the Amazon and Africa as well as the input and views of financial actors.

Outcome 1: *(As per the concept note)*

Compare and integrate the perspectives of investor and IPLC communities on the design of nature credit markets which deliver for nature and people.

This was successful, both among speakers and participants who were very engaged with each other and speakers after the event. This is also a space that NatureFinance continues to convene and build on.

Outcome 2: *(As per the concept note)*

Explore the key market principles, frameworks and ways of structuring biodiversity credit markets so they embed equity in their design and uncover the critical challenges at a practical and policy level to delivering nature credit markets which are governed by the core principles of equity, transparency and integrity.

This was certainly the liveliest part of the discussion and will continue to be a critical tenet of how these markets evolve and are shaped by the actors in this session and many others. NatureFinance and the actors represented in this session continue to actively engage on these issues.

Outcome 3: *(As per the concept note)*

Showcase how emerging nature credit markets are and could be shaped and governed from the ground up by Indigenous peoples and local communities (IPLC) in the Amazon and Africa.

This was covered anecdotally and demonstrated through ongoing and initial landscaping findings (see map image below).

Content:

Events were required to feature collective progress on mitigation (2030 breakthroughs), adaptation and resilience (SAA outcomes) and means of implementation. Please outline below how this featured in your session.

Sharm El Shaikh Adaptation Agenda Nature Goal: Protection of 45 million hectares (lands and inland waters), 2 billion hectares sustainable management and 350 million hectares restoration of land

securing legal indigenous and local communities with use of nature-based solutions to improve water security and livelihoods. **2030 Nature Breakthrough Goal:** Civil society organisations create knowledge, awareness, demand, and adoption of net zero and nature positive land use and food systems by all key stakeholders.

Across nature-rich countries, NDC as well as adaptation and mitigation targets will largely be driven by conservation efforts on the ground, and it is thus critical to capacitate and empower local actors to access funding and market mechanisms to scale these initiatives. Nature credit markets, which aim to measure biodiversity gain and health, are one such tool and this event was one such capacitating convening.

Diversity & Inclusion:

Event organisers were requested to ensure events were inclusive of age, gender, geography, and represented a spectrum of stakeholders across all levels of government and sectors. Please share below the number of speakers represented in each group at this event.

| Youth <i>No of Speakers under 35</i> | Geography <i>Number of Speakers from developing countries</i> | Gender <i>Number of female speakers</i> | Indigenous Peoples <i>Number of speakers from Indigenous groups</i> |
|------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------------------------------|
| 1/ 8 total speakers | 6/ 8 total speakers | 3/ 8 total speakers | 1/ 8 total speakers |
| 12,5% | 75% | 37,5% | 12,5% |

(one speaker was unable to make this session due to a community emergency, she is not accounted for above)

Materials / Assets:

Session recording: https://unfccc-staticweb-gmcmffeyeqakefeq.z01.azurefd.net/play?jwt=eyJhbGciOiJIUzI1NiJ9.eyJzdHJlYW0iOiJDT1AyOF85NjE1MSIsInRyYWNrcyl6W1siZmwiLCJGbG9vciJdXSwiaWF0IjoxNzAyMDI2NDMwLCJqdGkiOiJhMTVhMjI1Yy04YmE1LTQ2ZDgtOTk2Zi05ZmZjZDg3MTImYzYiLCJpc3MiOiJ1bmZjY2MiLCJhdWQiOiJ2b2RwbGF5ZXIiLCJleHAiOiE3MDQ2MTg0MzB9.G6_DPZKVcGnRlj8JCo7iS6FkzyxTq6QpTZ0P74DOFmM7v8d-hxwvRACZJZ4-zc-WacYYiMjyJadMaOKjqj0UMg

[F85NjE1MSIsInRyYWNrcyl6W1siZmwiLCJGbG9vciJdXSwiaWF0IjoxNzAyMDI2NDMwLCJqdGkiOiJhMTVhMjI1Yy04YmE1LTQ2ZDgtOTk2Zi05ZmZjZDg3MTImYzYiLCJpc3MiOiJ1bmZjY2MiLCJhdWQiOiJ2b2RwbGF5ZXIiLCJleHAiOiE3MDQ2MTg0MzB9.G6_DPZKVcGnRlj8JCo7iS6FkzyxTq6QpTZ0P74DOFmM7v8d-hxwvRACZJZ4-zc-WacYYiMjyJadMaOKjqj0UMg](https://unfccc-staticweb-gmcmffeyeqakefeq.z01.azurefd.net/play?jwt=eyJhbGciOiJIUzI1NiJ9.eyJzdHJlYW0iOiJDT1AyOF85NjE1MSIsInRyYWNrcyl6W1siZmwiLCJGbG9vciJdXSwiaWF0IjoxNzAyMDI2NDMwLCJqdGkiOiJhMTVhMjI1Yy04YmE1LTQ2ZDgtOTk2Zi05ZmZjZDg3MTImYzYiLCJpc3MiOiJ1bmZjY2MiLCJhdWQiOiJ2b2RwbGF5ZXIiLCJleHAiOiE3MDQ2MTg0MzB9.G6_DPZKVcGnRlj8JCo7iS6FkzyxTq6QpTZ0P74DOFmM7v8d-hxwvRACZJZ4-zc-WacYYiMjyJadMaOKjqj0UMg)

(unfortunately a large section of the beginning of the session is missing – I have raised this with the GCA team but have received no answer)

Session speakers:

Enhancing conservation and resilience through biodiversity units and credits:

Collaborative market design through South-South learning

Dorothy Maseke
Head, African Nature Capital Alliance

Chief Almir Surui
Leader of the Paiter Surui People

Gareth Philips
Chief Climate Change and Green Officer, AfDB

Martin Berg
CEO, Climate Asset Management

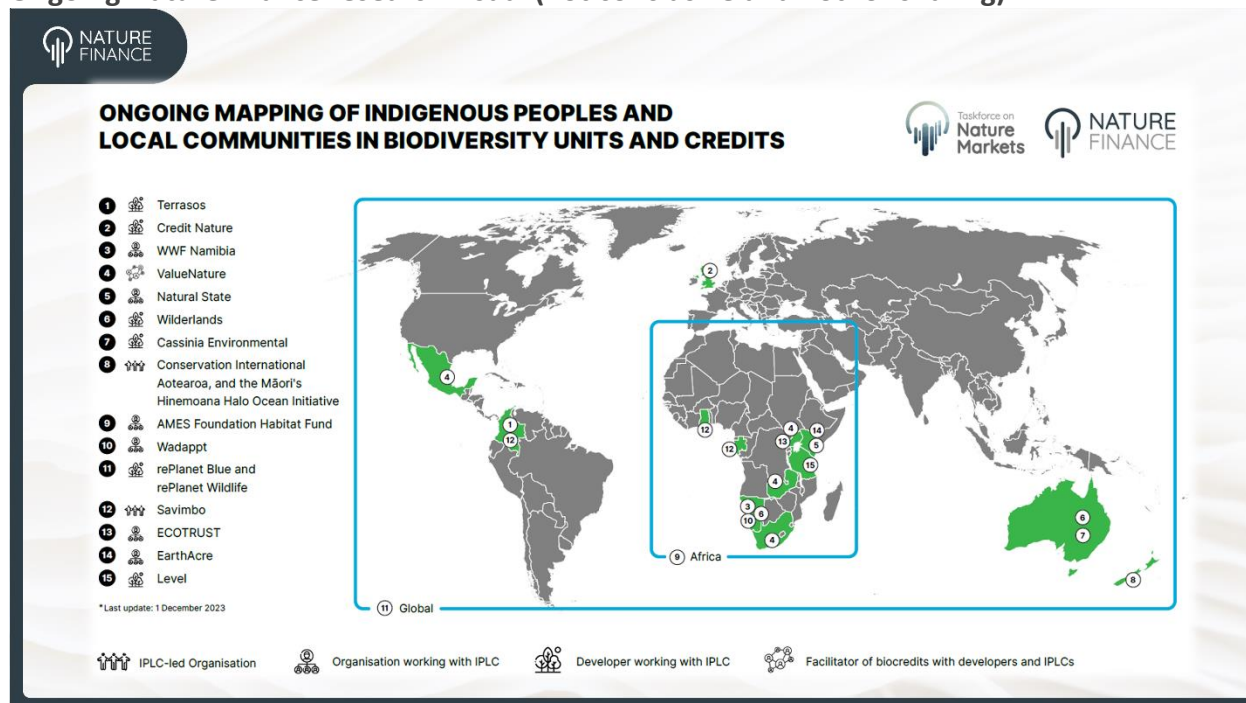
Timothy Afful-Koomson
Regional Director, GFANZ Africa

Esther Netshivongweni
Chairperson, Community Advisory Panel, BCA

Kelvin Massingham
Director, Risk and Resilience, FSD Africa

Monique Atouguia
Nature Markets Project Manager, NatureFinance

Ongoing NatureFinance research visual (not conclusive and not for sharing):

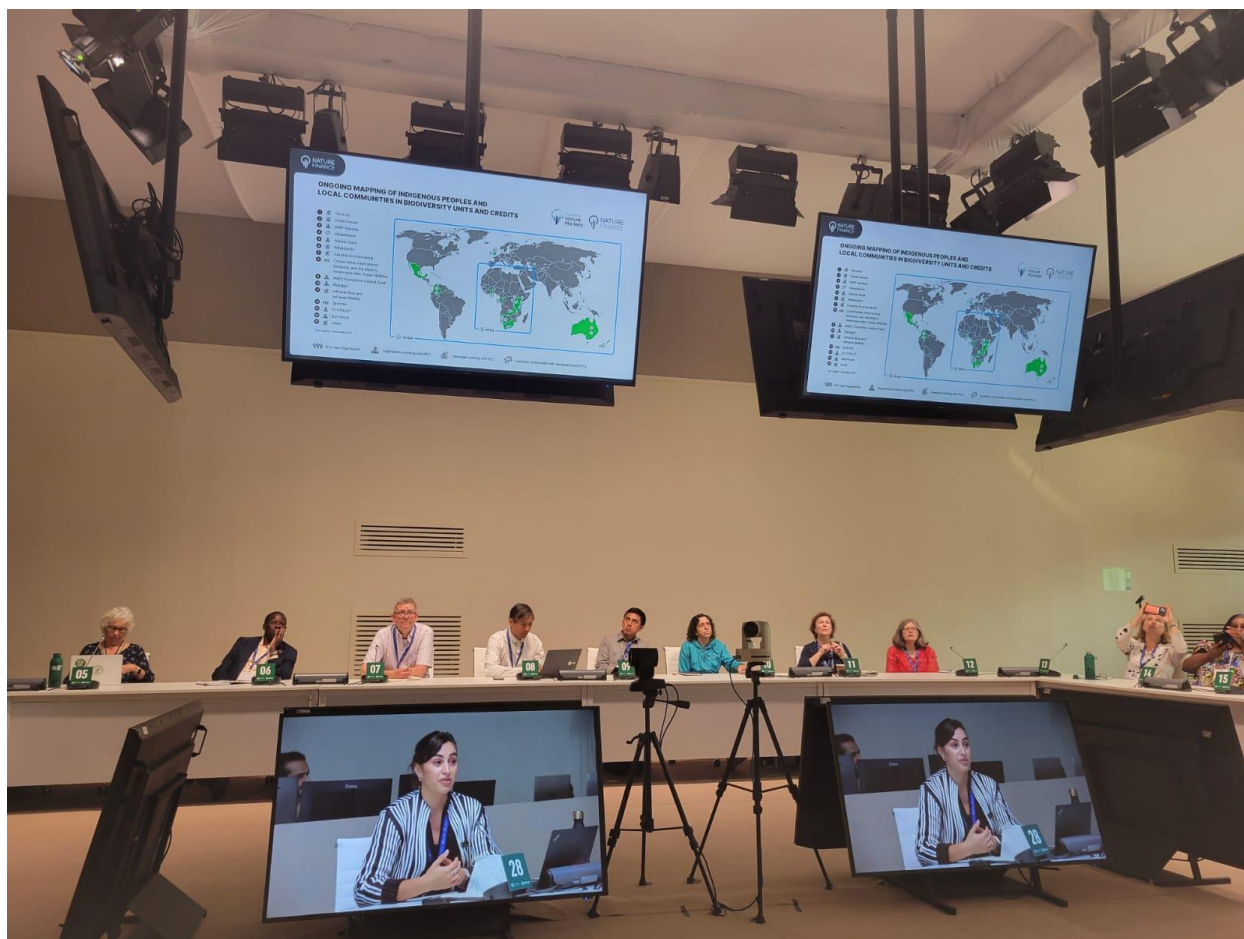


Session photographs (taken on cellphones):









List of relevant NatureFinance publications:

- [What's Next for Nature Markets? Taskforce on Nature Markets Final Recommendations](#)
- [Mapping Indigenous Peoples and Local Communities in Emerging Biocredits](#)
- [Global Roadmap: Harnessing Biodiversity Credits for People and Planet](#)
- [Biodiversity Credit Markets: The role of law, regulation and policy](#)
- [Consultation: The Future of Biodiversity Credit Markets](#)
- [Joint Response to the Australian Consultation on Nature Repair Market](#)
- [Global Environment Facility \(GEF\): Innovative Finance for Nature and Peoples](#)

UNECA & FSD Africa relevant publication:

- [Framework for a national nature strategy: Facilitating the development of national nature strategies that are aligned with the Convention on Biological Diversity](#)

Oliver Wyman & FSD Africa:

- [The Emerging Regulatory Agenda: Improving transparency of nature-related risks in Africa](#)