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Foundation

# Leading for Nature

ENSURING VOLUNTARY NATURE CREDIT FINANCE FLOWS  
TO INDIGENOUS PEOPLES AND LOCAL COMMUNITIES  
- THOSE BEST PLACED TO LEAD THE PROTECTION,  
REGENERATION AND STEWARDSHIP OF NATURE

An aerial photograph of a river delta, showing intricate patterns of blue water and brown sediment. The water flows from the top right towards the bottom left, creating a complex network of channels and islands. The sediment is deposited in various shapes, creating a textured, almost abstract landscape. The colors are vibrant, with deep blues and rich browns.

# Acknowledgement of country

We acknowledge the past and present generations of Traditional Owners from the lands on which our contributors are based, and we celebrate the stories, culture and traditions of the Indigenous Peoples across all the lands, waters and oceans where we live, work and enjoy.

IMAGE CREDIT: WAYNE QUILLIAM

# Contents

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---

3 INTRODUCTION

---

7 ABOUT US

---

10 NATURE CREDIT MARKET INSIGHTS

---

16 WHAT WE'VE LEARNT

---

17 NEXT STEPS

---

20 CONCLUDING REMARKS

---

21 APPENDIX: GLOSSARY OF TERMS

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# About this report

Throughout this report we provide high-level insights and information on voluntary nature credit market development from a supply perspective. Together with a collective of partners we identified the pillars of activity critical for Indigenous Peoples and Local Communities (IP&LCs) to access and lead in development of nature credit projects.

To note, the terms 'nature credit markets' and 'biodiversity credit markets' are often used interchangeably. For the purposes of this report, the term 'nature credits' and 'nature credit markets' are used broadly to encompass various types of credits including biodiversity credits, water credits, resilience credits and other ecosystem service credits.

For **Ampliseed** members, the report provides tangible 'no regrets' next steps towards engaging in voluntary nature credit markets.

For the **BHP Foundation Environmental Resilience Program and aligned grant-makers**, the report provides insight on partnership approaches and ways to support IP&LCs to access voluntary nature credit markets.

For **corporates** interested in partnering with IP&LCs, it provides high level guidance on the steps to develop an informed position to support engagement with IP&LCs on the topic of voluntary nature credit market opportunities.

For **intermediaries**, it sets out a series of steps required for IP&LC engagement and partnerships in voluntary nature credit markets.

For **governments**, the report provides examples of regulation and policy to accelerate IP&LC access to voluntary nature credit markets.

For **Pollination Foundation**, these insights provide data points for the design of an IP&LC Nature Credit Project Incubator.

Our intention was to create a short summary with targeted information aimed at providing up to date insights to busy practitioners. This is not intended to be a comprehensive research report. The content assumes a basic background knowledge of voluntary nature credit markets.<sup>1</sup> A glossary of terms is included in the Appendix to help clarify terminology and provide links to initiatives and organisations actively participating in market design.



IMAGE CREDIT: MELINDA MACLEOD, INDIGENOUS DESERT ALLIANCE NATURE CREDITS WORKSHOP, SEPTEMBER 2023

<sup>1</sup> For further background information on biodiversity credit markets, see: Waterford, L. et al (2023), [State of Voluntary Biodiversity Credit Markets: A Global Review of Biodiversity Credit Schemes](#).

# Executive summary

Only recently have global leaders and market intermediaries started to fully understand the essential role Indigenous Peoples and Local Communities (IP&LCs) play in the transition to a nature positive future. The ability to secure funding for community-led stewardship is growing, but not fast enough. There is a huge financing gap that we need to bridge to reach the global goals for nature.<sup>2</sup>

Indigenous-led carbon projects are an example of a market mechanism that has provided financing for climate related nature-based solutions. However, their application is limited in some regions due to lack of appropriate methods, low carbon stocks, prohibitive costs of project delivery in remote areas, and data and technology constraints.

The Global Biodiversity Framework recognised a new market opportunity in biodiversity credits (a subset of what we refer to in this paper as nature credits) as one of a number of mechanisms to flow more finance to nature. If designed well, nature credits could be one tool in a mix of financing solutions to support the protection, regeneration and stewardship of nature. They have the potential to connect the right people with the right solutions on the ground. However, these new markets are not without their challenges. They are not the only solution, and don't replace the need for government, philanthropic and other private sector investment into nature.

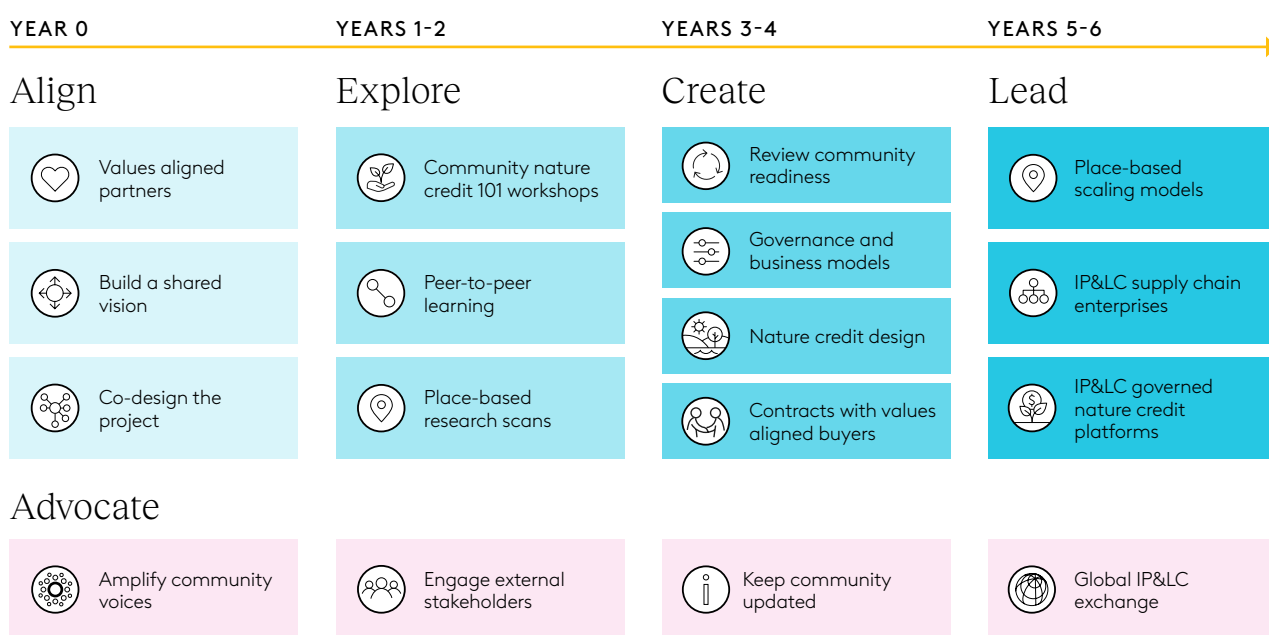
With all of this in mind, Pollination Foundation has listened and learned about the challenges and opportunities facing IP&LCs. Over the past three years we have synthesised insights from world leading community-led nature projects. These insights are informed by our unique role as host of a collective learning and leadership network - Ampliseed, our connection to Pollination's global advisory and investment expertise, and our team's lived experience.

With our partners we have co-created an IP&LC voluntary nature credit development framework (outlined below in Figure 1). The pillars of activity provide a pathway to build the trust and credibility necessary for people and nature to thrive.

The Framework is guided by four values:

1. IP&LC-led, which means IP&LCs make the decisions.
2. Project design is grounded in IP&LCs' aspirations.
3. Partnership is based on respect, transparency and reciprocity.
4. Working at the speed of trust, not taking shortcuts.

FIGURE 1: IP&LC VOLUNTARY NATURE CREDIT DEVELOPMENT FRAMEWORK



<sup>2</sup> [Duetz, A. et al \(2020\), Financing Nature: Closing the Global Biodiversity Financing Gap](#). The Paulson Institute, The Nature Conservancy and the Cornell Atkinson Center for Sustainability.

## INTRODUCTION

The Framework has the power to position IP&LCs to lead on voluntary nature credit markets globally. To achieve this:

- **Philanthropy** can invest in uplifting the knowledge and capacity of IP&LC organisations so they can lead in the design and development of voluntary nature credit markets.
- **Companies** concerned about the rapid decline in nature can engage with IP&LCs to identify ways to reduce impacts and invest in nature positive action.
- **Researchers, intermediaries and allies** can support IP&LCs to design standards and methods, as well as monitoring, reporting and verification (MRV) tools that align with local knowledge, cultural practices, existing activities and data sets.
- **Governments** can create the enabling environment for IP&LC access to voluntary nature credit markets. This includes investing in policies that enable IP&LC participation such as land tenure initiatives, aligning laws and regulations with IP&LC rights, and providing access to start-up finance through targeted grant programs and blended finance facilities.

In doing so, public, private and philanthropic sectors can play a critical role in elevating IP&LC-led nature solutions for the benefit of humanity.



IMAGE CREDIT: ARIANDE GORRING, CULTURAL BURNING IN KATITI PETERMANN INDIGENOUS PROTECTED AREA

# Pollination Foundation

Pollination Foundation's mission is to put humanity at the heart of climate and nature solutions.

We're a not-for-profit organisation within Pollination, a specialist investment and advisory firm with a focus on climate and nature solutions. The Foundation plays a unique role within the Pollination ecosystem. We convene diverse conversations and partnerships with IP&LCs, which supports Pollination to understand local contexts and aspirations of community leaders. In doing so, we leverage the resources and networks of Pollination to elevate IP&LC-led climate and nature solutions. Some examples of how we work include:

- Supporting IP&LCs to unpack the complexity of voluntary nature credit markets and develop pathways to engage.
- Connecting place-based practitioners and IP&LC leaders with Pollination's global networks to accelerate their ideas and amplify their voices.
- Facilitating place-based exchanges between IP&LCs to share ideas, build confidence and grow leadership.
- Facilitating access to, and support for, IP&LCs to engage in global dialogue and international events like the UN climate and biodiversity convention negotiations.
- Incubating ideas with IP&LCs for nature credit methodologies and tech tools to assist with simplifying monitoring, reporting and verification (MRV).

Pollination Foundation's focus is on public-good opportunities. We support activities that generate insights and lessons that can be shared publicly, to build confidence in others to do things differently. To do this, we take a strengths-based approach, working with our partners to reimagine what is possible.

You can read more about Pollination Foundation in our latest learning report<sup>3</sup>.

# BHP Foundation

The BHP Foundation is a global philanthropy collaborating to catalyse new solutions to the world's most complex social and environmental challenges. The Environmental Resilience Program aims to achieve enduring conservation outcomes through elevating and amplifying Indigenous-led conservation models where communities connect to land and culture, and ceremony and livelihoods can thrive. An enabler of the Program strategy is to support IP&LCs to have greater access to, and agency over, nature and climate markets and finance.

Partners to the Environmental Resilience Program are currently looking at nature market mechanisms within their existing work. Trusted support and advice is urgently needed to empower participants about optimal investments, capabilities and partnerships required to have agency over their engagement with these new markets. This report provides a valuable new framework in the pillars of activity to deploy just and equitable markets that support autonomy, agency, and self-determination of IP&LCs.

As a collective, Pollination Foundation, BHP Foundation and strategic advisor EcoAdvisors, together with Project partner organisations Indigenous Desert Alliance, CI Peru, Nature United, Great Barrier Reef Foundation, Fundación Tierra Austral and Rainforest Alliance are keen to explore if, or how, voluntary nature credit markets could provide long-term sustainable income streams to finance the protection, regeneration and stewardship of nature.

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<sup>3</sup> Pollination Foundation (2023), [Pollination Foundation Member Report: 2022-2023 Looking Back to Look Forward](#).

# Ampliseed Network



IMAGE CREDIT: PHOTO BY IISD/ENB | NATALIA MROZ

Ampliseed is a peer-to-peer learning and leadership network, hosted by Pollination Foundation in partnership with BHP Foundation’s Environmental Resilience Program. The Network connects practitioners and community leaders to change the way conservation is achieved at a landscape scale. By connecting seven project teams<sup>4</sup> delivering multi-tenured, place-based initiatives that touch 11 different countries (see Figure 2), Ampliseed members identify common themes, challenges and opportunities emerging across these geographies.

Over the past three years, conservation financing, carbon and nature credit markets, and community leadership have surfaced as topics of common interest among Ampliseed members.

Many of the Ampliseed member projects have explored voluntary nature credit markets as a way of securing long-term finance for the protection, regeneration, and stewardship of nature. Members share project-based

insights and track the development of voluntary nature credit markets. This has included hearing from organisations that are designing market architecture, including standards and methods and MRV tools and technologies. Given the rapid development of environmental markets, many of the project teams are now interested in understanding some options for next steps to participate in the supply of nature credits.

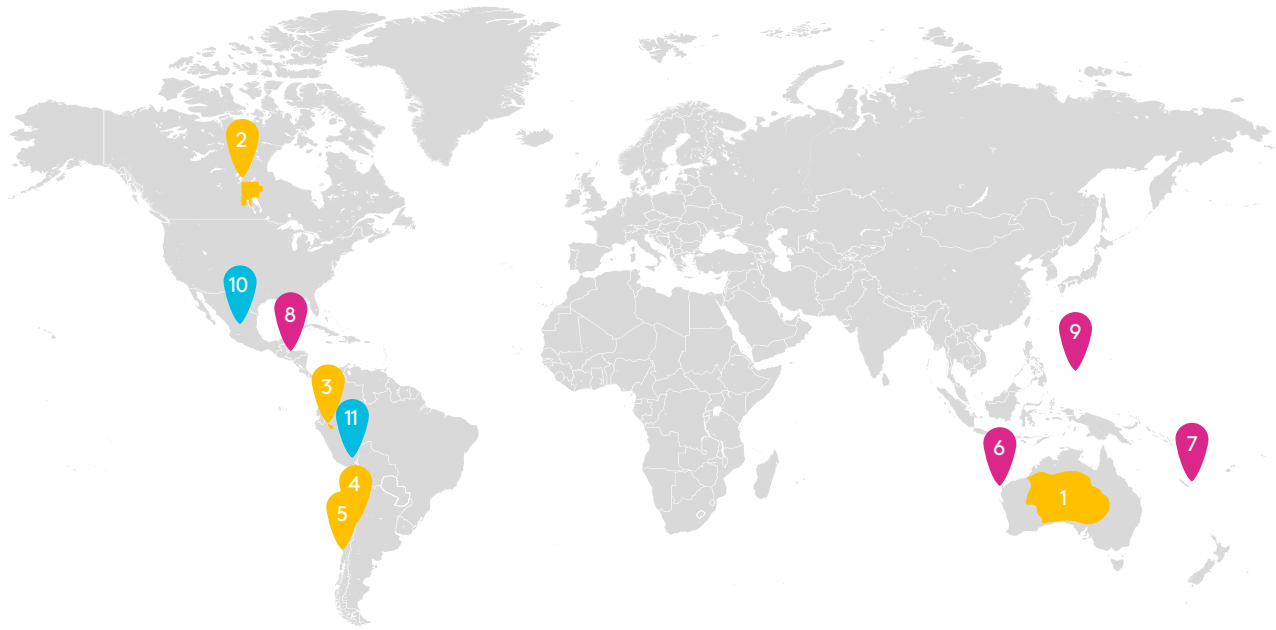
However, a clear message from IP&LC partners and project participants has been that respect for culture is central to achieving environmental resilience. This extends to voluntary nature credit markets: market participation should not be at the expense of maintaining culture and traditional management practices.

4 All Ampliseed Project teams are grantees of the BHPF Environmental Resilience Program: <https://www.bhp-foundation.org/en/programs-projects/environmental-resilience/>



# Ampliseed member project locations

FIGURE 2: LOCATIONS OF PROJECTS SUPPORTED BY THE AMPLISEED LEARNING AND LEADERSHIP NETWORK



## AMPLISEED MEMBER PROJECT LOCATIONS

- 1 Indigenous Desert Alliance, Australia
- 2 Canada's Boreal Forest
- 3 Alto Mayo Landscape, Peru
- 4 Chile Conservation Corridor
- 5 Valdivia Coastal Reserve, Chile

## RESILIENT REEFS

- 6 Ningaloo Coast, Australia
- 7 Lagoons of New Caledonia: Reef Diversity and Associated Ecosystems, France
- 8 Belize Barrier Reef Reserve System, Belize
- 9 Rock Islands, Southern Lagoon, Palau

## LANDSCALE

- 10 LandScale Mexico
- 11 LandScale Peru

# Data points: what has informed our insights?

The following snapshot of global trends, market demand, role of philanthropy and key findings are grounded in three years of active listening, testing and learning while doing.

Starting in 2021, the Pollination Foundation team has engaged diverse stakeholders in conversations, hosted workshops, participated in on ground project activities, engaged in global policy forums and led research on nature market development.

## SUPPLY INSIGHTS



**15+ convenings** with Ampliseed members to explore voluntary nature credit market opportunities and track market development



**Two deep dive workshops** with Ampliseed Project teams in Chile & Australia to explore:

- nature credit market opportunities in low carbon ecosystems;
- nature market risks and opportunities; and
- map out options for 'no regrets' next steps.



**Development of an interactive online map<sup>5</sup>** that showcases the diversity of voluntary nature credit market initiatives.

## DEMAND INSIGHTS



**60+ interviews** with corporates across sectors including agriculture, retail, resources, finance, construction and aviation to explore voluntary nature credit market demand, risks and opportunities.

## MARKET DESIGN INSIGHTS



**50+ interviews** with intermediaries, such as Plan Vivo and VERRA, to understand regional complexities and different approaches to nature credit method design, including MRV tools.



**Participation in global policy forums including contributing to:**

- World Economic Forum Biodiversity Credit Markets Working Group<sup>6</sup>;
- Nature Finance<sup>7</sup>; and
- Biodiversity Credits Alliance<sup>8</sup>.

<sup>5</sup> Interactive online map of nature credit market initiatives: <https://marketplacefornature.org/>

<sup>6</sup> World Economic Forum (2022), [Biodiversity Credits: Unlocking Financial Markets for Nature-Positive Outcomes](#).

<sup>7</sup> Nature Finance website: <https://www.naturefinance.net/making-change/nature-markets/biodiversity-credit-markets/>

<sup>8</sup> Biodiversity Credits Alliance website: <https://www.biodiversitycreditsalliance.org/>

# Global context

In 2020, global attention of business and government started to refocus on the critical role of nature in sustaining life on the planet – something IP&LCs have always known. Spurred on by the global increase of natural shocks - wildfire, floods, storm surge, cyclones, and the coronavirus pandemic - there was a growing mainstream awareness of how nature underpins the global economy, and a recognition that species extinction rates are approximately 100 times higher than natural background rates of extinction.<sup>9</sup>

To reverse this trend, a significant amount of finance is needed. The Paulson Institute, TNC and Cornell report '*Financing Nature: Closing the Global Biodiversity Financing Gap*'<sup>10</sup> found that achieving ambitious global nature targets would require the mobilisation of about US\$711B by 2030.

In 2021, two cornerstone reports stated that the current rate of nature loss represents a *material and urgent risk* to the global economy. The Economics of Biodiversity: The Dasgupta Review<sup>11</sup> for the first time described nature as an asset, just like produced and human capital. The World

Economic Forum's Nature Risk Rising Report<sup>12</sup> identified that 100% of the world's GDP is directly or indirectly dependent on nature.

With the global spotlight on nature, advocacy from Indigenous leaders and allies increased. At the 26th meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC, COP 26) in Glasgow, 2021, there was an acknowledgement of the critical role of Indigenous People, and their knowledge and culture, in addressing and responding to nature loss and climate change. Two key reports identified that Indigenous Peoples steward 80% of the planet's remaining biodiversity and manage 33.6% of the world's irreplaceable carbon reserves<sup>13</sup> stored in tropical forests, however they received less than 1% of climate related finance<sup>14</sup>. In response, private, public and philanthropic donors pledged billions of dollars<sup>15</sup> to strengthen Indigenous land tenure and forest management, most notably committing USD \$1.7 billion to reverse forest loss.



IMAGE CREDIT: TOMAS SOBEK

9 IPBES (2019) [Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services](#).

10 Financing Nature Report: <https://www.paulsoninstitute.org/conservation/financing-nature-report/>

11 HM Treasury (2021), [The Economics of Biodiversity: The Dasgupta Review](#).

12 World Economic Forum (2022), [Biodiversity Credits: Unlocking Financial Markets for Nature-Positive Outcomes](#).

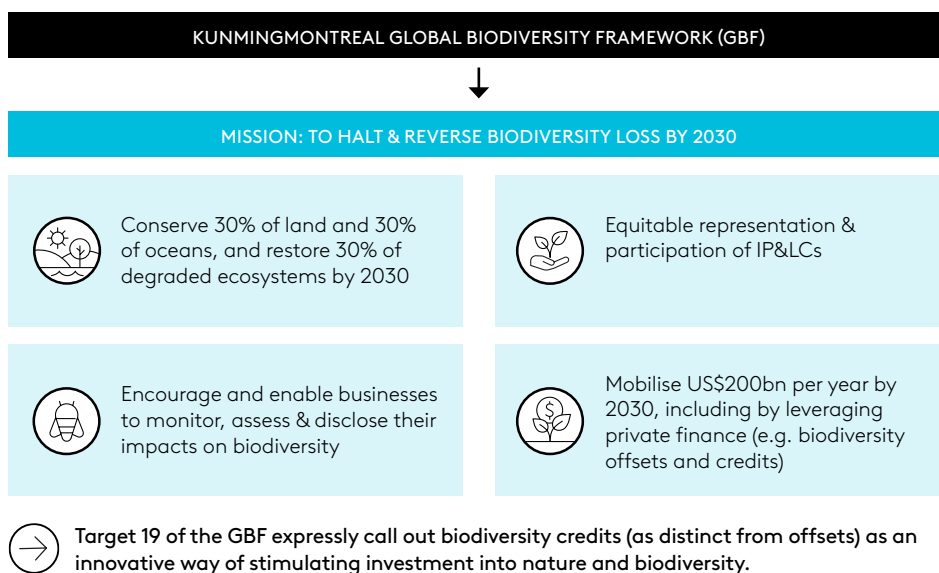
13 WWF et al (2021), [The State of Indigenous Peoples' and Local Communities' Lands and Territories](#).

14 Rainforest Foundation Norway (2021), [Falling short: Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries \(2011-2020\)](#).

15 The Guardian (2021), [Indigenous peoples to get \\$1.7b in recognition of role of protecting forests. Indigenous peoples to get \\$1.7bn in recognition of role in protecting forests | Conservation and indigenous people | The Guardian](#)

In December 2022, the 15th meeting of Parties to the United Nations Convention on Biological Diversity (COP 15) was held in Montreal Canada. At COP 15, a Global Biodiversity Framework (GBF) was agreed with 188 nations across the world signing up. GBF targets relating to the development of the market for nature credits are set out in Figure 3 below:

FIGURE 3: RELEVANT GLOBAL BIODIVERSITY FRAMEWORK TARGETS



With the global community taking stock of the fact that 80% of the world's biodiversity is stewarded by IP&LCs, leading institutions are awakening to the critical role of IP&LCs in the creation of emerging nature markets<sup>16</sup>. This includes the potential for IP&LC-led projects and the unique value proposition those projects will have in the market.

As the market develops, global commentators<sup>17</sup> are referring to the lessons that can be learned from carbon markets, many of which are directly relevant to the IP&LC context. This includes the importance of shifting mindsets from benefit sharing to engaging IP&LCs as commercial joint venture partners or positioning IP&LCs to lead in the design, delivery and scale-up of nature-based solution projects.

Moving forward it is important to be thoughtful about IP&LCs cultural responsibilities and relationship with nature. For example, many IP&LC communities don't support the use of voluntary biodiversity credits to compensate for nature loss or to be used to make claims of offsetting damage to nature.

Australia's savanna fire carbon industry is a world leading example of Indigenous led nature based solution projects at scale. Across northern Australia there are 31 Indigenous-owned savanna fire carbon projects. The industry enables cultural fire management over 18 million+ hectares and generates around 1.2 million Australian Carbon Credit Units a year with an estimated value of around AUD \$59 million per annum. This provides hundreds of jobs on country for Indigenous land and sea managers, generating social, cultural and environmental benefits of global significance. Codesign of the savanna fire method with Indigenous leaders, cultural fire practitioners, scientists, Indigenous rangers, government and NGO's was critical to the success of the industry. You can find more information on the Indigenous Carbon Industry Network website.<sup>18</sup>

<sup>16</sup> (IIED (2022), [Biocredits to finance nature and people – emerging lessons](#); World Economic Forum (2022), [High-level governance and integrity principles for emerging voluntary biodiversity credit market – consultation paper](#); NatureFinance et al. (2023), [Harnessing Biodiversity Credits for People and the Planet](#); International Union for the Conservation of Nature (2020), [IUCN Global Standard for Nature-based Solutions](#); Plan Vivo Foundation (2023), [High-level integrity principles developed to steer emerging biodiversity credits market](#).

<sup>17</sup> Benedito, F and Sarmiento, M (2022) in Mongabay, [Biodiversity credit market must learn from carbon offsets mistakes](#).

<sup>18</sup> ICIN (2023) [www.icin.org.au](http://www.icin.org.au)

# Demand trends

There will be no market for investing in nature without demand from buyers to purchase nature credits. Drivers for demand include:

- 

**Access to products and materials** – All sectors of the economy are deeply dependent on nature, none more so than agricultural systems with deep reliance on nature for soil fertility, clean water, pollination and pest control, amongst other ecosystem services.
- 

**Access to finance** - for example, investors and banks are increasing their capacity to assess the impacts of their investments on nature and climate. Progressive lenders are starting to provide concessional loans to businesses that can show positive contributions to nature and the climate. Commodity market regulators are becoming increasingly aware of nature risk. Progressive regulators are requiring evidence of nature protection and / or regeneration for producers to trade products into commodity markets.
- 

**Brand differentiation** - businesses want to stand out in the market and appeal to customers. Telling nature positive stories is a compelling way to reach new markets.
- 

**Social license to operate** – while companies want to stand out, they definitely don't want to be called out as having a negative impact on the environment or be exposed to greenwashing claims.
- 

**Attracting and retaining staff** - with an increasingly mobile workforce and the 'quiet quitting' movement that grew during the pandemic, many companies are interested in investing in nature to contribute to a positive workplace that is attractive to, and retains, top talent.
- 

**Future government policy** that may require mandatory purchasing of nature credits by business building on the work of initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD)<sup>19</sup>

Motivated by the risk that nature loss poses to the economy, companies are starting on the journey of developing nature strategies to ameliorate that risk. The TNFD and Science-based Targets (SBT) for Nature<sup>20</sup> guidance are frameworks that have been created to guide corporates and financial institutions to develop aspects of their nature strategies. The frameworks support businesses to understand their impacts and dependencies on nature and help with decision making about actions to take, and where to invest, to ensure nature can continue to provide the services needed for the economy to thrive.

<sup>19</sup> <https://tnfd.global/>

<sup>20</sup> <https://sciencebasedtargetsnetwork.org/how-it-works/the-first-science-based-targets-for-nature/>; SBTN (2023), [Target-setting guidance for companies.](#)

# Growing demand

Through our market sounding we've heard that business leaders are increasingly motivated by a sense of urgency to take action. However, there is also a growing risk of paralysis due to the inherent complexity of the nature challenge.

To some the cost of responding is too great, the benefits are too uncertain, or the 'right' response is yet to emerge. Because of the uncertainty, there is some hesitancy from the corporate sector to invest in nature credits.

The task that lies ahead for most companies is to understand the direct impact of their processes and presence on natural environments, as well as the indirect impact and dependency of their supply chains and their products once released into the market.

A good place for companies to start is to map the locations and landscapes where their company has nature dependencies and impacts and start to ask the questions: what were those locations like before? What needs to be done to regenerate or protect them?

An opportunity for companies wanting to lead on the nature-positive transition will be to engage with IP&LCs and their systems of knowledge. IP&LCs are the best, and often last, remaining holders of knowledge who can answer the questions about how natural systems once functioned, what has been lost, and what is needed to protect, regenerate and maintain them.



IMAGE CREDIT: JEREMY BEZANGER

# Role of philanthropy in enabling IP&LC access to nature markets

Philanthropy can be a catalyst to IP&LC leadership in the design and delivery of nature markets.

In 2022, Charapa Consult was contracted by leading US-based philanthropies to identify how best to support Indigenous peoples' rights and guardianship of nature. The research focused on support to IP& LCs whose territories are within tropical and subtropical forests, however the findings are applicable to the role philanthropy can have in supporting IP&LCs to access nature markets more generally.

A high-level summary relevant to IP&LC participation in nature markets is provided below (a link to the full report can be found in the footnotes<sup>21</sup>):



**Fund IP&LC priorities** - Provide long-term strategic investments in Indigenous peoples' organisations in a flexible way, taking into account the need to realign to the needs of communities as contexts change.



**Strengthen institutional capacities** - Provide institutional support and capacity-building of Indigenous institutions and networks.



**Engagement** - Establish a mechanism for continuous dialogue between Indigenous peoples and grant-makers over the life span of the investment.



**Monitoring and reporting** - Establish participatory monitoring mechanisms and support Indigenous peoples' own monitoring efforts.



**Operational requirements** - Monitor how funds flow through intermediaries to IP&LC organisations to identify where efficiencies and harmonisation of operational support would make a significant impact.



**Channelling funds** - Replace the current pattern of multiple small grants of short duration and significantly scale up long-term predictable funding directly to Indigenous peoples' institutions, organisations and networks.



**Donor impact** - Apply a safeguard approach to screen policies, strategies and programmes for negative impact on Indigenous peoples' rights.

21 Charapa Consult (2022), [Directing Funds to Rights: Principles, standards and modalities for supporting indigenous people' tenure rights and forest guardianship.](#)

# What we've learnt

## Voluntary nature credit markets could provide funding for IP&LC stewardship

Many IP&LC stewarded landscapes and seascapes such as deserts, Mediterranean habitats, coastal ecosystems, wetland ecosystems and other fragile and biodiverse systems cannot access carbon market revenue. This can be due to carbon market rule design, lack of applicable carbon methodologies, high cost of project delivery or a combination of these barriers. For the IP&LC stewarded landscapes and seascapes that are able to access carbon market revenue, a proportion have obligations to maintain the carbon stores for generations, with no funding available to undertake that maintenance. This is the case where the issuance/crediting period for the carbon project (for example 25 years) is less than the permanence period (for example 100 years).

Voluntary nature credit markets, once established, could play a role in supporting the protection, regeneration and stewardship of these important IP&LC held landscapes and seascapes and help bring diversity and integrity to both nature and carbon markets.

## Grow demand and supply in parallel

To be successful, voluntary nature credit markets need both supply and demand. One salient lesson from the development of carbon markets relevant to nature credit markets is to grow supply and demand in parallel. In doing so, nature credit projects will be informed by the two critical players in the market infrastructure, learning what each other needs to make decisions for success and standing up a thriving and resilient market, together.

## IP&LC-led monitoring, reporting and verification

The best way to grow demand and supply in parallel is to test and prove up the market together. For the supply side, it's important that IP&LCs lead the development of nature credit methodologies. Method design should be rooted in connection and cultural stewardship of landscapes and seascapes. In addition, given the uncertainty of the market due to the current lack of demand, IP&LCs can take 'no regrets' actions now to position for future market opportunities. For example:

- the same monitoring and reporting tools used for nature markets could be used to report to key stakeholders (such as philanthropists, government agencies and investors); and
- growing relationships with companies who have an interest in IP&LC stewardship of landscapes and seascapes could lead to other opportunities unrelated to nature credit purchases.

## Two tracks for success

For IP&LCs to be a part of the development of the market, engagement needs to happen quickly, as the market architecture is being designed now. However, meaningful engagement can only move at the speed of trust. Trust is based on growing and strengthening relationships, which takes time. There are two tracks for success – one fast and one slower.

## Value vs price

Nature is priceless because of the value it provides to sustain life on earth. Valuing natural capital, and the economies impacts and dependencies on nature, will help to ensure nature's protection, regeneration and stewardship is considered in land use planning decisions. Placing a price on people's efforts to conserve nature can support more balanced decision making and increase the protection of nature. Of course, the price a buyer is willing to pay for nature credits will not always translate to the inherent value nature holds. It's important that voluntary nature credit markets are not seen as the 'silver bullet' solve for financing a nature positive future. Voluntary nature credit markets are part of a complex financing puzzle.



IMAGE CREDIT: DAVID CLODE



# So, what comes next?

We believe IP&LCs are uniquely placed to be leaders in nature markets.

The IP&LC Nature Credit Development Framework pillars – Align, Explore, Create, Lead, Advocate - are grouped activities to enable IP&LCs to choose if, how and when to participate in voluntary nature credit markets. The pillars step out a series of activities to support community to start with values aligned partnerships, understand the market, scope out options and make decisions about the most appropriate pathway to access voluntary nature credit markets in a way that aligns with community aspirations. The final pillar includes activities to scale IP&LC leadership throughout supply chains. Spanning across all the pillars of activity IP&LC-led advocacy is critical to success. This includes internal community consultation to ensure local IP&LC members are updated and external communication to engage stakeholders. IP&LC knowledge can be enhanced through global exchange between communities with new ideas tested in project delivery.

The ‘Pillars of Activity’ align with the theory of social innovation spiral, which suggests moving from innovator-led testing and learning activities towards growing and scaling for systems change. Scaling and replication is most often led by multiple implementation organisations as visualised in Figure 4, below.<sup>22</sup>

FIGURE 4: THEORY OF SOCIAL INNOVATION SPIRAL



22 Green, C. and Ziegler, L. (2023), [Implement at Scale: An Agenda for Education Innovation Implementation Research](#).

# Five pillars of activity

STEP ONE:

## Align

Partnerships can only move at the speed of trust; the quality of outcomes achieved will be defined by the process of working together.



IP&LC-led, which means community make the decisions



Partnership is based on respect, transparency and reciprocity



Project design is grounded in community aspirations



Working at the speed of trust, not taking any shortcuts.

Seeking out values aligned partners and building a set of shared principles to support and guide the process is key to navigating the complexity of and multistakeholder collaboration.

These guiding principles, drawn from years working with community, are an example that can be used as a guide for collaborative partnerships between IP&LCs, grant-makers, corporates, allies and market intermediaries.

Applying this approach may take longer but the outcomes will be more enduring and impactful in the long term.

STEP TWO:

## Explore

This phase is critical for IP&LCs to understand the market and build community readiness to engage.

- **Uplift capacity** through a series of community-based nature credit '101' workshops to explore what a nature credit is, what good looks like, what to watch out for, and how to know when your community is ready to participate.
- **Facilitate peer-to-peer learning** through case studies and knowledge exchange based on live examples of IP&LC-led nature credit projects.
- **Research** opportunities for setting up nature credit projects by undertaking a high-level scan of place-based laws and policies, community land tenure and rights, local buyer insights, and the types of methods and standards that would be applicable to the location.

STEP THREE:

## Create

Activities are based on a 'learning while doing' approach, testing and refining through pilot projects.

- Work with IP&LC leaders to assess their **community's readiness** to participate in nature credit markets focused on governance capabilities, delivery capacity and community support.
- **Explore business models** including community owned and led models, joint venture (JV) partnerships or benefit sharing arrangements with a project developer.
- Explore **voluntary nature credit** standards, methods and monitoring, reporting and verification tools. Make decisions based on most appropriate to local context. Wherever possible, co-design methods with IP&LCs aligned with local knowledge, cultural practices and existing monitoring tools and data.
- Scope out **values-aligned Nature Credit Buyers**, host them on site visits and negotiate commercial terms in a sales contract.

STEP FOUR:

# Lead

The Lead pillar focuses on scaling and Indigenous and community leadership.

- Design **place-based scaling models** to transition from pilot phase to multiple projects across a region. Engage community in co-design through accelerator workshops to explore the purpose and vision, aggregation models, resources and capabilities needed to implement and finance scaling.
- Identify opportunities for developing or contracting **IP&LC owned enterprise** through the voluntary nature credit market supply chain for example technology companies, project auditors, communication experts and training providers.
- Support partners to accelerate IP&LC participation in voluntary nature credit markets globally by exploring an **IP&LC governed platform** that includes a values-aligned buyers' club, standard and IP&LC designed methods.

# Advocacy

Across all the phases of development, Advocacy is key to success.

- **Amplify IP&LC voices** in voluntary nature credit market design through collective position statements, digital stories told through the voices of community leaders, participation in international events and representation in policy forums.
- **Engage external stakeholders**, such as governments and allies, through social media, one-on-one conversations, and hosting place-based experiences to create an enabling environment for scaling IP&LC nature credit projects.
- **Keep community members up to date** with targeted information specifically designed for IP&LC members and their representative organisations.
- **Facilitate global exchanges** between IP&LC communities to learn from each other, strengthen connections and accelerate ambition.

# Concluding thoughts

The next decade is critical to securing our future. Only by placing community at the heart of our nature and climate solutions can we achieve the change we need in the world.

The world is waking up to the fact that IP&LCs hold wisdom and technologies grounded in hundreds and thousands of years as leaders in the protection regeneration and stewardship of nature.

To achieve this change, philanthropy can invest in strengthening the capacity and skills of IP&LC organisations so they can lead in the design and development of voluntary nature credit markets. This can be achieved by supporting organisational capacity and enabling access to global expertise that is often out of reach to community organisations.

Companies concerned about rapid decline in nature can develop nature strategies by testing emerging frameworks like the TNFD LEAP Framework<sup>23</sup>. This approach can support companies to map their impacts and dependencies on nature and inform their engagements with IP&LCs, so together they can identify ways to reduce impacts and invest in nature positive action.

Governments, researchers, intermediaries, and allies can support IP&LCs to design standards and methods and MRV tools that align with local knowledge, cultural practices, existing activities, and data sets. We know, from Australia’s Indigenous-led savanna burning carbon industry, when methods are informed by cultural practice and co-designed with Indigenous Peoples, market participation increases significantly.

Governments have an important role in creating an enabling environment for IP&LC leadership in voluntary nature credit markets. This includes investing in policies that enable IP&LC participation in markets such as land tenure initiatives, aligning laws and regulations with IP&LC rights, and providing access to start-up finance through targeted grant programs and blended finance facilities.

Taking these steps opens the pathway for IP&LCs to continue living on their territories and generating livelihoods by doing what they do best: stewarding nature for the benefit of humanity.



IMAGE CREDIT: CATALINA JOHNSON

23 <https://tnfd.global/publication/additional-guidance-on-assessment-of-nature-related-issues-the-leap-approach/>

# Glossary of Terms

**Biodiversity Credits:** For the purposes of this report, Biodiversity Credits are measurable positive natural capital, ecosystem and biodiversity outcomes that are represented as a token, credit or certificate that can be bought and sold.

**Biodiversity Credits Alliance:** The Biodiversity Credit Alliance (BCA) exists to provide guidance for the establishment of a credible and scalable market that stands up to the scrutiny of multiple stakeholders. Key among these stakeholders are Indigenous Peoples and Local Communities at the frontline of the biodiversity crisis.

**Conservation:** Conservation in the context of this report is an overarching term to describe activities that achieve the outcomes of protecting, regenerating and stewarding nature.

**Convention on Biological Diversity (CBD):** The Convention on Biological Diversity is an international treaty that aims to conserve biodiversity, promote the sustainable use of biological resources, and ensure the fair and equitable sharing of benefits arising from the utilization of genetic resources.

**Demand:** Demand represents the desire or need from buyers like governments, companies to purchase / and financial institutions invest in nature-related products or services, such as biodiversity credits, within the marketplace or from specific stakeholders like IPLC communities.

**Global Biodiversity Framework (GBF 2022):** The GBF is not a legally binding agreement, but the governments (of almost 200 countries) who have signed, commit to be demonstrating progress towards meeting targets and updating their National Biodiversity Strategy and Action Plans (NBSAPs) accordingly.

**Greenwashing:** Disinformation disseminated by an organisation so as to present an environmentally responsible public image.

**Indigenous Peoples and Local Communities (IP&LC):** Indigenous Peoples and Local Communities, refers to all people stewarding territories of life, which are defined as "territories and areas governed, managed, and conserved by custodian indigenous peoples and local communities".

**Intermediaries:** Intermediaries are entities that provide services and facilitate connections between buyers and sellers in voluntary nature credit markets, helping to bridge supply and demand.

**International Institute for Environment and Development (IIED):** IIED is one of the world's leading independent policy and action research organizations. Their mission is to build a fairer, more sustainable world, using evidence, action and influence in partnership with others.

**Methods:** Methods are specific techniques or approaches used to measure, quantify, and assess the impact of nature-related activities or projects.

**Monitoring, Reporting, and Verification (MRV):** MRV is the process of systematically tracking, documenting, and confirming the performance and outcomes of nature-related initiatives, often required for the issuance and trading of nature credits.

**Nature-based Solutions (NbS):** For the purposes of this report, NbS refers to activities that leverage nature and the power of healthy ecosystems to protect people and safeguard a biodiverse future.

**Nature Credits:** For the purposes of this report, Nature Credits is used as a broad term that encompasses various types of credits related to nature and sustainability, including biodiversity credits, water credits, and other ecosystem service credits. Nature markets and biodiversity markets are often used interchangeably, but for this report we take the broad view and refer to them as nature markets.

**Nature Finance:** Nature Finance is a broad term encompassing financial mechanisms and instruments designed to support nature conservation and sustainable practices.

**Protection:** According to the [International Union for the Conservation of Nature \(IUCN\)](#) a protected area is a clearly defined geographical space, recognised, dedicated and managed through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values. For the purposes of this report "protection" describes the creation of protected areas through legal or other effective conservation measures.

**Regeneration:** Regeneration can be quantified by measurable uplift in ecological value against a measured baseline or a modelled baseline that accounts for projected background loss. This can apply to degraded, damaged or destroyed ecosystems.

**Science Based Target Network (SBTN):** Science-based targets give companies a framework for mapping nature impacts and cities a clear pathway to competitiveness and resilience by using science to define their role in protecting and restoring nature. Reversing nature loss in line with science will create a future of resilient businesses, healthy cities and sustainable economies.

**Standards:** Standards are established criteria and guidelines that define the requirements for creating, trading, and verifying nature credits to ensure their environmental integrity.

**Stewardship:** This term is used to describe ecological value being maintained over time based on a measured baseline or a modelled baseline that accounts for projected background loss.

### **Taskforce on Nature-related Financial Disclosures**

**(TNFD):** The Taskforce on Nature-related Financial Disclosures (TNFD) is an initiative aimed at developing a framework for organizations to disclose and report on their nature-related financial risks and opportunities, similar to the Task Force on Climate-related Financial Disclosures (TCFD).

**Voluntary Nature Credit Markets:** For the purposes of this report, voluntary nature credit markets are where various actors trade credits associated with nature-related outcomes, such as conserving biodiversity and improving water quality.

### **World Business Council on Sustainable Development**

**(WBCSD):** The WBCSD brings together transformational organizations to form a global community that shifts the systems they work within towards a better future.

**World Economic Forum:** The World Economic Forum is an international organisation that engages with business, political, academic, and other leaders to address global economic challenges and promote sustainable economic growth.

## NOTE

The voluntary nature credit market is developing rapidly, and these terms may evolve or gain new meanings as the field of nature finance and conservation continues to mature. For example, the term biodiversity credits may be further defined as biodiversity compensation credits or biodiversity contribution credits in the future.

For further information please visit  
[pollinationgroup.com/foundation](https://pollinationgroup.com/foundation)

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