



Opinion of the European Committee of the Regions – Designing nature credits: A framework to promote biodiversity and ecosystem services

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POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS (COR)

Nature credits in the international context

1. emphasises that nature credits can only complement – and never replace – ambitious public funding, binding regulation and enforcement, which remain the cornerstone of biodiversity protection; underlines that nature credit schemes must fully respect the precautionary principle and ecological limits, ensuring that financial instruments do not legitimise environmental destruction or create counterproductive incentives;
2. stresses that biodiversity loss and nature degradation are amongst the most serious environmental and economic challenges the world faces today, requiring innovative, systemic and decentralised approaches which involve all levels of government, including regions and cities, as well as citizens, training and education institutions, research centres and the business sector;
3. stresses that the implementation of EU nature conservation requirements, such as Natura 2000 and the Restoration Regulation, involves mandatory tasks which have to be financed by public funds. There is a greater need here for the EU to contribute substantially to coverage of the significant costs entailed;
4. draws attention to the Kunming-Montreal Global Biodiversity Framework (GBF), which commits to reversing 30 % of biodiversity loss by 2030; highlights in particular target 19 of the GBF, which aims to mobilise USD 200 billion annually for biodiversity, including by stimulating innovative financial schemes, including nature credits; stresses that these financial schemes must be subject to robust safeguards, transparency and independent monitoring to avoid greenwashing and ensure they contribute to real and measurable biodiversity gains;
5. emphasises that the GBF includes the first-ever explicit reference to the European Committee of the Regions as a key partner in supporting the implementation of the Plan of Action on Subnational Governments, Cities and Other Local Authorities for Biodiversity under the Convention on Biological Diversity (CBD) (2021-2030); underlines the importance of locally-led, community-based conservation strategies that respect indigenous and local rights, needs and knowledge systems; calls for enabling the participation of indigenous peoples, local communities, youth and civil society organisations through consultation processes and dialogue, especially in the design and monitoring of nature credit systems, while ensuring that decision-making competences remain in the hands of the relevant public authorities;
6. stresses that sustainable financing for biodiversity conservation requires the diversification of instruments, whereby nature credits can complement public subsidies and grants, however, they must be separate from carbon credits and the ETS and must not be used to fulfil legal obligations. Nature credits must be concrete, transparent, and based on clear quality criteria (durability, leakage prevention), under independent public oversight, and in line with the precautionary principle and the rights of affected communities. Their objective is to enhance biodiversity protection through regionally-anchored solutions that combine public policies and voluntary private sector incentives;
7. points out that investments in nature restoration have a strong multiplier effect – for example, restoring wetlands or forests not only supports biodiversity but also enhances climate resilience, mitigates flooding, make forests more resistant to the onset and spread of forest fires, boosts local and regional economy and the tourism industry, by increasing opportunities for small and medium-sized enterprises and improves public health and quality of life in communities and, as some studies indicate, can even serve as natural barriers contributing to strategic territorial resilience, particularly in eastern regions;

8. highlights that the framework for future environmental and land-use policies shall be inclusive of all agricultural and forestry producers across the EU, irrespective of farm size, structure, production model, or geographic region. It shall be designed to reflect the diversity of the sector and ensure equal access by avoiding overly complex mechanisms that disproportionately burden smaller or less specialised operations;
9. stresses that, when discussing the Commission's proposals on the multiannual financial framework (MFF), financial support for implementing EU nature conservation requirements must be significantly improved. Here, the EU's contribution must be based on the implementation costs that have been identified;
10. welcomes the upscaling of nature credit schemes around the world as one of the many tools that can help bridge the financial gap in biodiversity funding, such as nature credit policies by the state of Paraná, in Brazil, and the Biodiversity Net Gain policy in the United Kingdom, as well as many others which were presented during CBD COP 16 in Cali, Colombia, in October 2024; welcomes the fact that some current initiatives – such as WWF France and Wadapt – are already testing models that combine private capital with concrete ecological measures and public reporting of results;
11. in this context, stresses that the dissemination of nature credits must be conditional on geographical compatibility between their place of origin and application, in order to preserve the ecological integrity and regional targeting of measures. Secondary trading is to be strictly limited and the transfer of credits between environmentally incompatible regions is to be prohibited. All schemes must be managed through public and transparent registers and must demonstrate a quantifiable contribution to local biodiversity;
12. emphasises that existing instruments, such as payments for ecosystem services (PESs), demonstrate that incentive-based approaches to protecting and restoring natural capital can deliver public value when supported by strong safeguards, transparent governance and scientifically validated methodologies that ensure measurable ecological outcomes;
13. calls for public registries, local governance, and binding environmental and social safeguards, including the free, prior and informed consent (FPIC) of indigenous peoples and affected communities and the effective involvement of the public at all stages of the design, implementation and evaluation of nature credit projects; stresses that nature credits must not be used to legitimise destructive activities in the Global South by EU-based companies seeking to meet domestic sustainability reporting requirements;

EU action on nature credits

14. welcomes the publication by the European Commission (EC) on 7 July 2025 of a Roadmap towards Nature Credits; recalls in that context the Commission president's commitment to keep 'regions at the centre' of her work and underlines the key importance of this in the context of developing jointly nature-based solutions, including biodiversity certification and nature credits, in line with the principle of subsidiarity;
15. calls for any mechanisms introduced for nature credits to include safeguards to prevent land grabbing and ensure continued productive land use. Measures must protect agricultural communities from external actors acquiring land solely for speculative or non-productive nature credits;
16. points out that, according to EU estimates, at least EUR 48 billion per year is needed in the EU to protect and restore biodiversity under the 2030 Biodiversity Strategy; however, broader estimates including soil and land monitoring suggest funding needs could reach up to EUR 65 billion annually, with a gap of approximately EUR 37 billion; points out, in this regard, the risk associated with the European Commission's proposals for the Multiannual Financial Framework (MFF) 2028-2034 of July 2025, which, in their current form, do not respect the fundamental principles of multi-level governance, partnership and subsidiarity, and reiterates that a comprehensive approach to public and private investment at all levels is needed to address the challenges of nature restoration and biodiversity conservation; urges the European Commission, in this regard, to build on the successful LIFE programme in the next MFF 2028-2034;
17. recommends that the introduction of a nature credit framework in the EU be considered a strategic opportunity to channel both public and private investments into concrete biodiversity protection and restoration measures – such as restoring degraded habitats, improving ecological connectivity and enhancing ecosystem functions – particularly in regions facing significant environmental pressure, especially those considered most vulnerable such as the outermost regions, due to their disproportionate exposure to climate change, high level of endemic biodiversity and lower shock-absorption capacity. This approach supports the EU's objective of scaling up nature conservation financing in line with its

Biodiversity Strategy for 2030 and contributes to meeting international commitments under the GBF. Certification and nature credits should also be seen as a complementary tool to EU climate and adaptation policies by providing an incentive framework for implementing nature-based solutions that deliver co-benefits for biodiversity, climate mitigation and resilience, as well as for local and regional economies, and particularly for small and medium-sized enterprises; stresses that nature credits must not divert attention from the binding restoration targets under the Nature Restoration Law and related EU legislation, but must serve as an additional instrument linked to the regional and local framework, in line with the principle of subsidiarity, which will contribute to accelerating their achievement;

18. recommends linking nature credit projects with regional climate resilience plans, including the development of early warning systems, multifunctional green infrastructure, nature-based solutions for water management and community-led adaptation programmes;

19. recommends that priority for the allocation of nature credits be given to regions and communities facing higher extreme climate risks, such as floods, droughts or forest fires, in order to strengthen their ecological, economic and social resilience;

20. stresses that regions and municipalities play a key role in setting and implementing environmental objectives, as they are in the areas where ecosystem changes occur and where practical know-how for ecosystem conservation and restoration is concentrated; calls for sufficient public resources and technical assistance to ensure that subnational authorities can lead on ecological conservation and restoration with support from the private sector;

21. proposes that nature credits be used as a tool to strengthen successful conservation measures and for territorially targeted ecological improvement, particularly in environmentally burdened regions and cities, which are often also economically and socially disadvantaged areas. These include areas with high levels of inequality, energy poverty or social exclusion. Nature credit systems could help these regions and cities gain new opportunities for sustainable development and could help create high-quality green jobs, in line with the just transition and circular economy principles. At the same time, they could support the restoration and regeneration of areas affected by industrial activity, mining or long-term pollution;

22. supports the recognition of nature credits be recognised in ESG reporting frameworks under the Corporate Sustainability Reporting Directive (CSRD), thereby creating a clear incentive framework, not least for companies with a high environmental footprint, and calls for them to be transparently regulated and verified;

23. strongly welcomes the introduction of pilot projects supporting nature credits with a buy-back guarantee mechanism, which is a key model of public-private partnership for mobilising investment in biodiversity protection and restoration, and asks the Commission to launch many more of these locally-led pilot projects to test what works best in different regional and local contexts to directly reduce biodiversity pressure at source; to this end, calls for the pilot projects to include the necessary measures to make their results comparable and for their results and costs to be published in order to help guide policy-making;

24. calls on the European Commission to develop, on the basis of the outcomes and practical experienced gained from the pilot projects and actions outlined in the Roadmap towards Nature Credits, a phased and adaptive EU framework for nature credits; voluntary implementation by Member States and regions should evolve into harmonised and potentially binding regulation in areas of high biodiversity value or ecological risk;

25. proposes that the framework be based on the principles of environmental integrity, *ex post* verification of achieved outcomes, transparency and independent auditing and that *ex ante* financing be subject to a strict transparency regime, including the requirement that credits be issued only after results have been achieved and verified; In addition, the calculation of financing needs should take into account aggravating factors arising from the vulnerability of areas, such as exposure to extreme climate events, soil degradation, erosion, loss of biodiversity and the fragility of ecosystems (both land and sea);

26. underlines that the proposed framework should align with existing legislative instruments such as the Environmental Accounting Framework, the EU Taxonomy, the Green Claims Directive and the EU biodiversity directives (e.g. the Habitats Directive and the Birds Directive) and the Nature Restoration Regulation, as well as the EU Carbon Removals and Carbon Farming (CRCF) Regulation; stresses the need for legal clarity to prevent nature credits from undermining the EU's regulatory framework or weakening environmental ambition; any proposed framework must take into account national regulations governing the operation of environmental and nature credit markets and be consistent with the UN Sustainable Development Goals (SDGs);

27. strongly advocates that the framework support the implementation of and create synergies with regional and local strategies that establish concrete measures for biodiversity protection and restoration and the achievement of environmental objectives at subnational level; the evaluation and verification of its effectiveness should score credits according to the level of priority (risk level) identified in regional/local strategies, to reflect both ecological relevance and strategic importance;

Governance of nature credits and the role of local and regional authorities

28. recommends coordination mechanisms to support Member States and their local and regional authorities (LRAs) in introducing nature credit schemes, including developing harmonised methodological approaches, technical standards and platforms for exchanging best practices, to ensure transparency, clear governance, high-quality implementation, a results-oriented approach and a high level of societal acceptance, as prerequisites for the credible and effective functioning of these mechanisms;

29. calls on the European Commission and the Member States to strengthen the role of regions and cities as essential players in the green transition and the protection of natural capital, as has been underlined in major international initiatives on nature credits, such as the International Advisory Panel for Biodiversity Credits (IAPB), the World Economic Forum (WEF) and the Biodiversity Credit Alliance (BCA);

30. urges Member States to integrate nature credit mechanisms into their national and regional/local environmental and climate strategies, where relevant, and to build the technical, administrative and professional capacities needed to support LRAs in running these schemes;

31. recommends that nature credit schemes support effective cooperation between the private and public sectors, while ensuring that they remain under strict public oversight, provided through independent environmental authorities at regional/local or national level, including the use of certification, registries, publicly accessible data on the methodology, implementation and impacts of each project, as well as the possibility of public and academic review; it is essential to establish appropriate financial rewards and incentive mechanisms for all stakeholders, including small and medium-sized enterprises and smaller players – such as non-governmental organisations, landowners, land managers, fishers, foresters and farmers, and other SMEs as well as local population – whose participation can be crucial for scaling up action and for ensuring territorial fairness;

32. suggests that the nature credit scheme should support programmes, projects and measures consistent with national or regional strategies to implement the Natura 2000 network. In particular, credits should, as a matter of priority, support the protective, regulatory, training, monitoring and dissemination measures set out in the PAF (Prioritised Action Framework), which identify the regional and local priorities and actions necessary to achieve the biodiversity conservation objectives;

33. calls for nature credit systems to include an educational and eco-awareness dimension, facilitating environmental literacy among the public and promoting a culture of co-responsibility in the protection of biodiversity, especially among young people, educational institutions and community stakeholders;

34. proposes that, in more vulnerable areas such as the outermost regions, nature credit mechanisms be adapted to their particular circumstances, which are characterised by a smaller surface area and high anthropogenic pressure on their unique ecosystems; this warrants the development of credit methodologies tailored to these areas that acknowledge the singular, irreplaceable value of their ecosystems, which are unique in the EU and in the world;

35. proposes that LRAs be given the possibility to establish their own nature credit funds, and that nature credit schemes be gradually scaled up to a system that generates its own resources and shares benefits, with a fair share returning to LRAs;

36. recommends that LRAs act as active stewards of nature credit mechanisms – either as issuers (for the implementation of measures) or as platforms for project coordination and intermediaries between investors and implementing actors;

37. notes that many EU regions and cities already have experience with ecosystem-based projects supported through programmes such as LIFE, Horizon and cross-border mechanisms like Interreg, which provides a foundation for expanding into a credit-based framework, where relevant; emphasises that these programmes must be maintained and synergies should be created, while avoiding duplication with the nature credit scheme; public financing should remain robust, and nature credits should serve as a complementary source of funding, without replacing existing EU support for biodiversity protection and restoration is therefore deeply concerned that the LIFE programme is not maintained in the current proposals by the European Commission for the 2028-2034 MFF and calls for the establishment of a dedicated instrument of at least the same volume that allows for direct funding to local and regional authorities in addressing environmental challenges;

38. suggests that nature loan pilot projects should provide real-world experience of how these loans could benefit nature conservation in different regional contexts. This should include both regions and cities that suffer from particular environmental degradation and where nature restoration can bring the most immediate synergistic benefits to public health, the economy and the quality of life of residents, as well as other examples, in order to provide a holistic approach to developing the potential of nature credits; one example is the initiatives in the Košice region in Slovakia (restoration of forest ecosystems and water retention in urbanised areas), in Bavaria in Germany (projects for the restoration of wetlands and floodplains), or in the Netherlands (Room for the River program for water retention and landscape restoration);

Integrity principles of nature credits

39. stresses that nature credits must complement standard public nature conservation and not weaken EU environmental legislation, while being aligned with and strengthening the implementation of existing environmental and development strategies at local and regional level and supported to this end by sufficient capacities for planning, implementation and result verification;

40. recommends that the design of the nature-based credit framework incorporate principles of intergenerational fairness, ensuring that current decisions do not compromise future generations;

41. calls for credits to be used to support additional ecological measures, including ecological conservation and restoration measures (active or passive) where there exists a real risk of degradation and/or loss of natural heritage and where an improvement compared to the situation without the use of credits can be demonstrated through a baseline scenario, the benefits of which are to be quantified by means of a recognised biodiversity parameter or indicator and verified in accordance with internationally recognised certification methodologies, and awarded only if there is a demonstrable positive impact; credits should be issued on an *ex post* basis, to prevent the risk of greenwashing, in line with the principles of mitigation and net biodiversity gain; emphasises that the protection and restoration of nature must remain the cornerstone of the mitigation hierarchy; notes that while net biodiversity gain is a vital objective, its application must avoid becoming a justification for prior degradation or offsetting practices;

42. considers it necessary that appropriate levels of EU public funds continue to be made available for cooperative implementation. Nature credits can make a valuable contribution to nature conservation, funding voluntary measures that go beyond EU nature conservation requirements and other – Member State – nature conservation legislation. However, legally binding tasks must be underpinned by public funds, since only in this way can planning certainty and reliability be ensured;

43. recognises that, although nature credits and carbon credits can jointly contribute to achieving environmental objectives, it is essential to distinguish between them conceptually and functionally; synergies between the two are desirable where environmental benefits are transparently accumulated, but the CoR warns against treating them as interchangeable, which could undermine specific nature conservation objectives; besides, contrary to carbon credits which must generate additionality to be considered legitimate, nature credits should also reward the preservation of eco-systems and the continuation of good practices;

44. stresses that nature credits should not serve as an offsetting mechanism, but rather as a tool for delivering a positive ecological contribution aimed at generating a net gain for biodiversity by means of recognised metrics;
45. points out that any comparison between environmental damage and compensation is scientifically limited; therefore, the credit system should serve primarily as a tool for supporting preservation and restoration, and not as a means of compensating for environmental destruction;
46. calls for credit schemes to be strictly results-based and substantiated through monitoring, reporting and verification procedures, in line with standards that may be harmonised with international initiatives such as IAPB, the WEF or BCA; and for those procedures to be proportionate to the size, objectives and risks of the project to avoid creating a disproportionate administrative and economic burden;
47. considers it important that the credits generated reflect the measures taken (e.g. wetland restoration, native forest planting, land management change, silvicultural treatments), taking into account ecological needs, economic development level, the availability of data for monitoring and verification, and an assessment of the credit's long-term sustainability to facilitate interoperability and market development;
48. stresses that nature credit schemes should avoid imposing restrictions that lead to a loss of agricultural or forestry productivity, and instead incentivise practices that combine biodiversity conservation and restoration with sustainable land use, providing opportunities to generate new income;
49. recommends assessing the potential impact of nature credit projects on food security, equitable access to water and regional food sovereignty, avoiding productive displacement that harms local communities or small producers;
50. recommends that fair mechanisms for benefit-sharing from the sale of credits be established, particularly in projects involving multiple stakeholders and long-term environmental sustainability, for example, through long-term contracts or easements, boosting, where possible, the participation of small and medium-sized enterprises;
51. proposes incorporating fair profit-sharing and a priority focus on vulnerable communities into the European regulatory framework for nature credits;
52. stresses that the emergence of a secondary market for nature credits may be explored in the future, provided it does not weaken overall biodiversity across the EU, undermine the regional focus, result in financial speculation or interfere with existing biodiversity actions across the EU; suggests therefore that secondary trading could be limited to a defined proportion of credits of total issued units. Calls for the introduction of mechanisms that restrict credit trading exclusively for the purpose of fulfilling environmental commitments, and suggests the establishment of an independent supervisory body to monitor credit flows, verify their actual ecological value and ensure system transparency in the interest of the public and the overall credibility of the scheme;
53. expresses its readiness to cooperate and actively contribute to the development of an EU policy on nature credit schemes in the context of a new EU expert group on nature credits, offering its expertise and network of territorial players, and recommends such schemes as one of the potential pillars of the EU's environmental transformation.

Brussels, 14 October 2025.

The President
of the European Committee of the Regions
Kata TÜTTŐ