

# Design and delivery of voluntary biodiversity credit markets: Eight difficult problems

Susan Walker, Marie Doole, Robyn  
Simcock & Suzie Greenhalgh

BIOECONOMY  
SCIENCE  
INSTITUTE



Manaaki Whenua  
Landcare Research

**MĀTAKI**  
ENVIRONMENTAL

RESEARCH • STRATEGY • REGULATION





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

[www.biodiversitycreditalliance.org](http://www.biodiversitycreditalliance.org)

**Biodiversity markets  
have received lot of  
attention recently**







**Why all  
the attention?**


A photograph of two workers in a marshy area. They are wearing high-visibility yellow safety vests, plaid shirts, and hats. One worker is kneeling on the left, and the other is crouching on the right. They appear to be working with plants or soil. In the background, there is a body of water and more vegetation. The text "Promises but also perils" is overlaid on the right side of the image.

**Promises**  
but also **perils**




**Problem 1:**  
Markets  
predicated on  
damage and loss  
are risky for  
biodiversity





"Voluntary"


- Philanthropy
- Reputation
- Compliance

A landscape photograph showing a wetland area in the foreground with tall grasses and small pools of water. In the middle ground, there is a calm lake. The background features a range of mountains with significant snow cover under a clear blue sky.

“Voluntary”

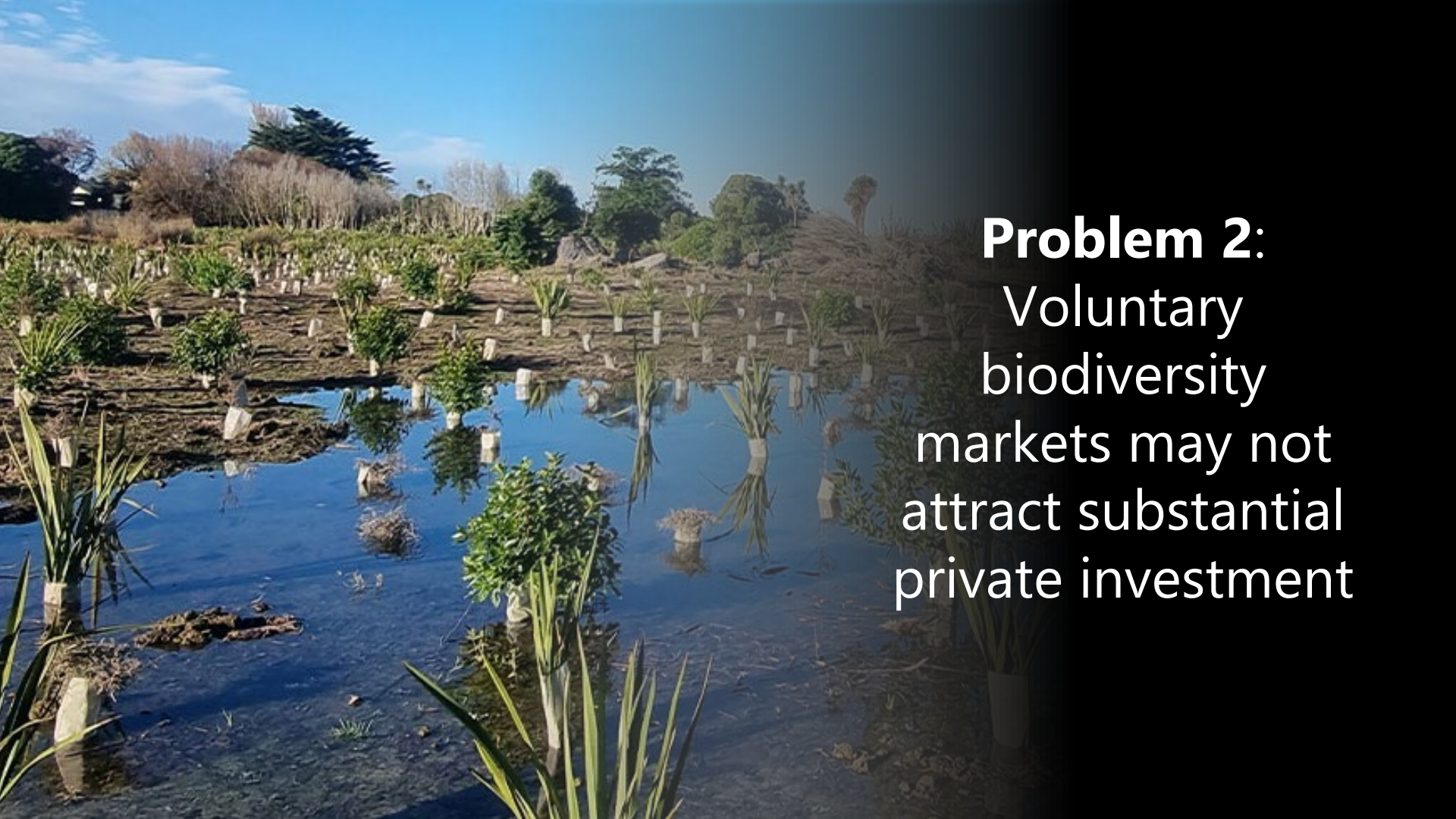
- Philanthropy
- Reputation
- Compliance





"Voluntary"

- Philanthropy
- Reputation
- Compliance



**Problem 2:**  
Voluntary  
biodiversity  
markets may not  
attract substantial  
private investment





**Problem 3:**  
Integrity principles  
for voluntary  
biodiversity  
markets will be  
difficult to meet





- Additionality
- Leakage
- Permanence and durability





- Additionality
- Leakage
- Permanence and durability



**Problem 4:**  
Unintended and  
perverse  
outcomes are  
likely





**Problem 4:**  
Unintended and  
perverse  
outcomes are  
likely



**Problem 5:**  
Adequate  
biodiversity  
currencies are  
neither simple nor  
easily measurable





**Problem 6:**  
Durable voluntary  
biodiversity  
markets will be  
costly



**Problem 7:**  
New Zealand lacks  
appropriate  
underpinning  
biodiversity data  
and information





**Problem 8:**  
Capacity and  
capability for  
designing and  
implementing a  
voluntary  
biodiversity  
market in New  
Zealand are poor



## Design and delivery of voluntary biodiversity credit markets: eight difficult problems

Susan Walker, Manaaki Whenua – Landcare Research; Marie Doole, Mātaki Environmental; Robyn Simcock & Suzie Greenhalgh, Manaaki Whenua – Landcare Research

### KEY MESSAGES

Biodiversity markets are more difficult to design and implement than markets for other environmental goods, such as carbon. A number of problems will need to be addressed if a biodiversity credit market is to avoid harm to biodiversity and attract and maintain the social support it needs in order to operate.

Some of the difficult problems facing voluntary biodiversity markets in New Zealand are:

1. Markets predicated on damage and loss are risky for biodiversity.
2. Voluntary biodiversity markets may not attract substantial private investment.
3. Integrity principles for voluntary biodiversity markets will be difficult to meet.
4. Unintended and perverse outcomes are likely.
5. Adequate biodiversity currencies are neither simple nor easily measured.
6. Durable voluntary biodiversity markets will have high overhead and transaction costs.
7. New Zealand lacks appropriate underpinning biodiversity data and information.
8. Capacity and capability for designing and implementing a voluntary biodiversity market in New

### INTRODUCTION

Biodiversity markets have received a lot of attention in recent years, both internationally and in New Zealand. Voluntary biodiversity markets selling biodiversity credits (Box 1) have captured the attention of governments and stakeholders alike, including in New Zealand, where government consultation on the possible parameters for a biodiversity credit system began in 2023.

The growing interest in biodiversity credit markets has arisen from:

- the size and implications of the biodiversity finance gap and the need for additional funding in order to reach public biodiversity goals and commitments
- the increasing desire of some companies to address nature impacts in their supply chain to enhance market or finance access, reduce risk, or 'green' their image
- the need to support conservation in more places, including on private land, where much biodiversity is found but has little protection or funding.

Biodiversity credit markets are being promoted as a promising way to raise funding for nature conservation from the private sector. And at face value, such a

#### Box 1. Defining a biodiversity credit

A biodiversity credit is a certificate that represents a

# Policy Brief #32 available online





# Thanks!

BIOECONOMY  
SCIENCE  
INSTITUTE



Manaaki Whenua  
Landcare Research

**MĀTAKI**  
ENVIRONMENTAL

RESEARCH • STRATEGY • REGULATION

Susan Walker: WalkerS@landcareresearch.co.nz

Marie Doole: marie@matakienvironmental.co.nz

Robyn Simcock: SimcockR@landcarereserch.co.nz

Suzie Greenhalgh: GreenhalghS@landcareresearch.co.nz

[www.landcareresearch.co.nz/publications/policy-briefing-and-guidance-papers/](http://www.landcareresearch.co.nz/publications/policy-briefing-and-guidance-papers/)