



TO: INDONESIA'S ENVIRONMENT MINISTER HANIF FAISOL NUROFIQ, HEAD OF THE BIODIVERSITY CREDITS TECHNICAL TEAM

OPEN LETTER TO INDONESIA'S BIODIVERSITY CREDITS TECHNICAL TEAM

We understand that Indonesia officially committed to developing market-based mechanisms to finance its biodiversity strategy in January, as a follow-up to the memorandum of understanding between the country's ministry of the environment and UK's Department for Environment, Food, and Rural Affairs (DEFRA),¹ and of joining IAPB's government forum during COP30.

Following a meeting with representatives of the UK government in February 2026, Indonesia's Ministry of Environment announced the establishment of a technical expert group and said it is in the process of identifying pilot projects.² The Ministry of Environment also intends to launch an Indonesian Taskforce on Nature Credits, that will bring together "public, corporate, Indigenous and civil society actors, to co-develop a framework for operationalising high integrity nature credits in Indonesia and supporting nature conservation and restoration within protected areas as well as productive landscapes."³ The International Advisory Panel on Biodiversity Credits will serve as the group's official Knowledge Partner.

We understand that Indonesia's "biodiversity strategy and action plan requires an estimated \$5 billion annually, of which just 13% is expected to come from public sources,⁴" and that "contributions from national and international financial institutions and [the] private sector are required to bridge the gap."⁵ We also understand that Indonesia expects to fund part of its 57's national parks with biodiversity credits.

¹ Carbon Pulse, Indonesia eyes market-based financing for national biodiversity strategy, 12 January 2026, <https://carbon-pulse.com/473103/>

² Carbon Pulse, Indonesia moves forward with national biodiversity credit scheme, 18 February 2026, https://carbon-pulse.com/484874/?site=nbp&utm_source=Biodiversity+Pulse&utm_campaign=9c14ea59d2-Biodiversity+Pulse%3A+19022026&utm_medium=email&utm_term=0_e95c326d05-9c14ea59d2-110407746

³ IAPB, Partnership announcement: Indonesian Taskforce on nature credits, https://www.linkedin.com/posts/international-advisory-panel-on-biodiversity-credits_scaling-up-innovative-activity-7431669278866706432-1KA5/?utm_source=social_share_send&utm_medium=member_desktop_web&rcm=ACoAAAHMEDgBs39Q56OgM0PwoTHH8XIGvt5qUiY

⁴ <https://carbon-pulse.com/473103/>

⁵ <https://carbon-pulse.com/473103/>

We want to raise the following concerns:

1. Biodiversity credits are unlikely to address the biodiversity crisis

First, we want to point out that biodiversity credits are a privatisation of conservation policies, that will likely weaken them by introducing a profitability requirement: if tomorrow's conservation policies are not based on regulations limiting destruction, but instead on private investors funding restoration projects, these projects will need to generate consistent high returns for investors to keep funding them.

Biodiversity credit schemes are also a transfer of conservation choices from the State to financial markets, whose priorities might differ from ecological priorities.

Biodiversity offsets (the use of biodiversity credits for offsetting claims) are not a new idea, they have existed for 4 decades, and failed to protect biodiversity in the majority of cases. Biodiversity offsets create well the same social and human rights concerns as carbon offsets. Yet, there is no business case at scale outside of offsetting.

2. IAPB's biodiversity credit framework lacks environmental integrity and is thus not a sound basis for Indonesia's nature credits.

Should the Indonesian government still want to develop such a market, we believe that it should not follow IAPB's framework, nor use the IAPB as a knowledge partner. We found that IAPB's high integrity principles to guide the biodiversity credit market are high integrity in name only, as several design features contradict this claim⁶, and we hope that Indonesia will not copy it for its own framework.

First, IAPB's framework allows offsetting use and claims, even though there is a scientific consensus on the lack of environmental integrity of biodiversity offsetting, and it has had an appalling track record over the past decades.⁷ It is simply not possible to standardise and simplify millions of species linked by a complex web of relationships into a few tradable assets – which is a requirement for liquid functioning financial markets. Biodiversity offsetting gives the illusion that the biodiversity crisis is being addressed, and helps maintain the social licence to operate for destructive activities and companies elsewhere.

In addition, because of its lack of environmental integrity, allowing offsetting would in our view create a significant reputational risk for corporate buyers, that might be afraid of future greenwashing accusations and scandals.⁸

⁶ Green Finance Observatory, high integrity in name only, GFO's comment on the final version of IAPB/UN/WEF's high integrity principles to guide the biodiversity credit market <https://greenfinanceobservatory.org/wp-content/uploads/2025/05/GFO-comments-on-final-IAPBUNWEF-high-integrity-principles-vf.pdf>

⁷ Green Finance Observatory, 50 shades of green part 2: the fallacy of environmental markets, 2019, <https://greenfinanceobservatory.org/2019/05/23/second-policy-report-50-shades-of-green-part-ii-the-fallacy-of-environmental-markets/>

⁸ Africa Uncensored, GreenFakes: How multinationals use 'greenwashing' launder ecocide, Feb 2025 <https://africauncensored.online/blog/2025/02/17/greenfakes-how-multinationals-use-greenwashing-launder-ecocide/>
Mediapart, TotalEnergies saccage un parc naturel en Ouganda grâce à des « permis de détruire » rédigés par des cabinets d'audit, Feb 2025 <https://www.mediapart.fr/journal/ecologie/170225/totalenergies-saccage-un-parc-naturel-en-ouganda-grace-des-permis-de-detruire-rediges-par-des-cabinets-d>

Mediapart, En Côte d'Ivoire, un barrage construit par Eiffage détruit la forêt et les espèces protégées, Feb 2025, <https://www.mediapart.fr/journal/ecologie/200225/en-cote-d-ivoire-un-barrage-construit-par-eiffage-detruit-la-foret-et-les-especes-protégees>

Hundreds of civil society organisations and academics have already expressed their rejection of biodiversity offsetting.⁹

IAPB's framework also allows the issuance of credits, before any positive impact has been measured, something that also contradicts in our view the high integrity claim.

IAPB's framework also includes maintenance credits, for areas that are not under immediate threat; while we support rewarding nature's stewards, such credits when used for offsetting have very low additionality, not compatible with high integrity claims.

IAPB's framework allows as well secondary market trading, aka unlimited speculation on the future price of the credits, which has been found to lead to excess price volatility. Very volatile prices are detrimental to most stakeholders except for speculators, as the expected revenues from the sale of credits and thus the profitability of restoration/conservation projects can fluctuate wildly.

Last, we find that IAPB's framework has inadequate safeguards against conflicts of interest, fails to clarify the role in governance, co-design and the revenue-sharing for IPLC, fails also to clarify legal liabilities in case of project failure.

For all these reasons, we recommend that Indonesia does not replicate IAPB's framework features, that offsetting and offsetting claims be explicitly banned, that any market be voluntary, and that secondary market trading be banned.

We would also like to ask the expert team how do they plan to ensure that Indigenous people and civil society are effectively represented and not only individuals representing themselves, so their insights come from wider consultation processes.

3. It is very doubtful that biodiversity credits can generate additional stable revenues for conservation, given their high regulatory risk, likely high price volatility and likely political instrumentalization to avoid calls for grant payments for conservation from the Global North.

We understand biodiversity credits and offset schemes to derive their political appeal mainly from their ability to protect the status quo, i.e. keep the social licence to operate for companies and activities harming biodiversity, avoid public calls for more ambitious environmental regulations curbing destruction and for shifting harmful subsidies. They do so by giving the illusion that the issue is being addressed more than it really is.

Biodiversity credits are not a real commodity; they have no intrinsic value and weak environmental integrity and there is no real business case at scale to buy them outside of offsetting – that is very controversial - or compliance purchases. This makes them particularly vulnerable to regulatory risk, that is changes in regulation linked changes in governments or public opinions.

UK's own Biodiversity Net Gain offers a cautionary tale: after having launched a compliance biodiversity offset market in 2024, supposed to bring in revenues to landowners, farmers, restoration project developers, the government proposed in 2025 as Part III of the Planning and Infrastructure Bill a radical new approach to dealing with the environmental impacts of

⁹ Biodmarketwatch.info, civil society statement, <https://www.biodmarketwatch.info/civil-society-statement>

development. The plan is to fast-track and streamline current environmental rules by creating a simple 'nature restoration fund' that developers can pay into, via a one-off 'levy', to account for the damage they may inflict on wildlife and nature. The argument was that "*environmental assessments and case-by-case negotiations of mitigation and compensation measures often slow down the delivery of much-needed housing and infrastructure.*"¹⁰ This argument was however contested by the Federation of Master Builders among others.¹¹

Such an approach would remove "*the 'precautionary principle', which prevents destruction before fully we understand what's at stake; the 'mitigation hierarchy', which encourages developers to avoid harm in the first place rather than simply pay to pollute; and, 'the polluter pays principle', replaced by a simple levy on all developments.*"¹² Such a proposal also raised the question of what would happen to the landowners, farmers and restoration project developers that started to invest and expected revenues linked to the sale of BNG credits. In the final Bill, the new approach to addressing the environmental impacts of development through Environmental Delivery Plans (EDPs) and the Nature Restoration Fund (NRF) is introduced, while developers may also continue to propose bespoke mitigation plans under the existing regulatory system.

We note that this regulatory risk impacts not only project developers, landowners, and farmers, but also potential corporate buyers.

On the topic of price volatility, should Indonesia's framework allow secondary market trading, as IAPB's does, this would lead to high price volatility and thus wildly fluctuating revenues, following the whims of market speculators.

In addition, we fear that entering these schemes risks weakening the likelihood of ever getting significant grant payments for conservation from rich countries that have destroyed most of their own biodiversity. There is a very legitimate case for countries with mostly intact biodiversity to ask for grant payments from rich countries that have destroyed most of their own biodiversity, to protect it and forego the economic benefits of destroying it, because we all benefit from it. There is clearly not much political appetite now from Global North's countries governments to make such payments; yet, we fear that participating in such market-based schemes would further reduce the likelihood of ever getting such grant payments, under the excuse that the host country already receives some revenues from the sale of credits.

It is often said that there is an annual global biodiversity funding gap of \$700 million. Yet, according to the UN, there are more than \$1700 million environmentally harmful subsidies.¹³ We would thus recommend to focus political efforts on shifting existing harmful subsidies towards activities that benefit nature.

¹⁰ Planning and Infrastructure Bill Volume 849: debated on Wednesday 29 October 2025

<https://hansard.parliament.uk/lords/2025-10-29/debates/4B9DADE5-4EE7-44B8-8AB0-EFC7B1215443/PlanningAndInfrastructureBill>

¹¹ Federation of Master Builders, FMB House Builders' Survey 2024, 16 December 2024

<https://www.fmb.org.uk/resource/fmb-house-builders-survey-2024.html>

¹² Hampshire & Isle of Wight Wildlife Trust, There's no growth on a dead planet. Why Part 3 of the Planning and Infrastructure Bill is a big problem for wildlife, 8 April 2025, <https://www.hiwwt.org.uk/blog/debbie-tann/part-3-planning-and-infrastructure-bill>

¹³ UNEP, Global annual finance flows of \$7 trillion fueling climate, biodiversity, and land degradation crises, 9 Dec 2023,

<https://www.unep.org/news-and-stories/press-release/global-annual-finance-flows-7-trillion-fueling-climate-biodiversity>

UNEP, State of Finance for Nature 2026: Nature in the Red - Powering the Trillion Dollar Nature Transition Economy, January 2026, <https://wedocs.unep.org/items/a4a8edaa-3896-4811-b527-1583dfce7201> v

4. Passing a bill on Indigenous rights to ensure that Indigenous peoples must give their free prior and informed consent and can contribute to biodiversity conservation without fear of being criminalized or evicted is a prerequisite to setting up any biodiversity credit scheme; not only is it the right thing to do, but failing to pass it would also most likely create an excessively high reputational risk that would deter potential credit buyers.

We understand that passing such a bill is especially important since the new conservation law has been criticised for failing to recognize Indigenous peoples' tenurial rights in biodiversity hotspots or their traditional conservation practices. Indigenous peoples are mentioned in only one article. The article in question explicitly includes Indigenous peoples in public participation for conservation efforts. But it does not address critical aspects such as the recognition of Indigenous land rights within conservation zones and the autonomy of Indigenous peoples to manage or co-manage conservation areas.¹⁴ Indigenous Peoples are treated as stakeholders with limited participation in conservation, not as rights holders in the concept and management of conservation in Indonesia.¹⁵

Passing such a bill is the right thing to do, could resolve forestry conflicts in and outside of national parks involving cases of criminalization and violence against Indigenous peoples. It is also essential in order to develop a market on biodiversity credits. Global North potential corporate buyers are understandably cautious after the many carbon offset scandals; they are also aware of the potential reputational damage, should they invest in nature credits linked to projects where forced evictions and violence against Indigenous People is documented.

We would thus recommend that such a bill is passed before the biodiversity credit scheme is designed and launched.

We would be delighted to have the opportunity to discuss this important topic with the Biodiversity Credit Expert team. Would it be possible to set up a call/meeting at their best convenience?

Kind regards,

¹⁴ Mongabay, Indonesia's Indigenous communities sidelined from conservation, 20 Dec 2024 <https://news.mongabay.com/2024/12/indonesias-indigenous-communities-sidelined-from-conservation/>

¹⁵ Enam Alasan AMAN Menolak UU. No. 32 Tahun 2024 Tentang Konservasi Sumber Daya Alam Hayati dan Ekosistemnya (KSDAHE) <https://aman.or.id/files/publication-documentation/93183Enam%20Alasan%20AMAN%20Menolak%20UU%20KSDAE-AR-edt.pdf>