Position Paper

European Landowners' Organization

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Unlocking Nature Credits: A landowners-centered approach

Nature credits are emerging as a new voluntary market-based instrument to incentivize and reward nature-positive actions. At the heart of these credits lies the land, which supports essential ecosystem services—such as biodiversity, water retention, and carbon sequestration—that must be preserved for nature credits to hold real value. For far too long, these vital services have been overlooked and undervalued in economic terms, reflecting a classic market failure. Nature credits provide a transformative solution by assigning concrete value to these previously unmonetized natural assets. By integrating land-based ecosystem services into financial markets, nature credits have the potential to complement existing financial tools and sustainability initiatives, enhancing both environmental and economic resilience. In this way, the market can finally play its part in promoting long-term sustainable development and biodiversity conservation.

The European Landowners' Organization (ELO) supports the principle of nature and biodiversity credits based on measurable, verified ecological outcomes. The public sector alone doesn't have the financial capacity to halt or reverse this decline. Current EU funding mechanisms are dispersed across various programmes, leading to inefficiencies and persistent gaps[1]—particularly in supporting biodiversity conservation and restoration on privately managed land. Many landowners face high administrative burdens and struggle to meet eligibility or co-financing requirements. It's time to give the private market a chance—and landowners a new opportunity—to be part of the solution through mechanisms like nature credits2.

Yet pragmatism is crucial. To succeed, measurement and verification must be technically sound and affordable. High-cost protocols undermine both uptake and credibility: verification often costs more than the credits businesses are prepared to buy, pushing demand toward cheaper projects in low-income countries. A similar distortion must be avoided for biodiversity. EU-wide rules should require proportional, cost-effective methods so that value generated on European land is not displaced abroad.

A flexible system is needed—one that supports early engagement, de-risks landowner participation, and enables upfront financing. Equally important, to ensure fairness, is the recognition and the reward of early adopters who have preserved biodiversity and long-term stewardship before financial incentives existed.

[1] https://environment.ec.europa.eu/law-and-governance/environmental-implementation-review_en

[2] https://www.mckinsey.com/capabilities/sustainability/our-insights/nature-finance-and-biodiversity-credits-a-private-sector-road-map-to-finance-and-act-on-nature?

1. Recognizing landowners as active partners

Landowners are front-runners in biodiversity conservation and vital contributors to a competitive, sustainable, and resilient economy. Their lands are not just spaces of production but living ecosystems, managed and maintained through long-term stewardship.

Empowering landowners and land managers as full partners builds trust, enhances policy effectiveness, and secures long-term commitment. The ELO welcomes the clear signals from the European Commission Roadmap[3] in this direction. Recognition, however, is only the beginning. It must be followed by deep, consistent engagement in both policy and market design.

Landownership means different rights and responsibilities. While often blurred in policy, this distinction is key to the success of nature credit systems, biodiversity incentives, and restoration efforts. For example, when policies emphasize collaboration among stakeholders—such as farmers, foresters, conservationists, businesses, and investors—they must explicitly include landowners as a distinct and primary group. Landowners are more than custodians of natural capital—they are legal rights-holders, risk-bearers, and long-term planners. Their early and active involvement is essential to ensure legal clarity, continuity of land-use practices, and investor confidence.

Property rights form the bedrock of any credible and functional nature credit market. Without clear, enforceable land tenure and ownership rights, it becomes difficult—if not impossible—to establish accountability, permanence, and tradability of nature-based outcomes. For biodiversity credits to be recognized, measured, and monetized, landowners must have clear legal authority over the land and its environmental impacts. Recognizing property rights in the framework of nature credits is therefore not only a matter of justice but a practical prerequisite for scaling the market, ensuring environmental integrity, and attracting private investment.

2. The market needs to succeed

A market-based approach should stimulate both demand and supply for biodiversity and ecosystem services. But this requires clarity and confidence: landowners need transparent market information, clearly defined rules, and reliable tools to measure and monitor impact.

Nature credits, when based on credible, verified ecological outcomes, can serve various functions. Some may be purchased voluntarily by businesses to demonstrate leadership on nature-positive strategies. Others may be used in formal offsetting schemes to compensate for residual environmental impacts under regulatory obligations. While not all nature credits will be used for offsetting, a well-functioning offset market can provide the structural demand and investment predictability that nature credit systems need to scale. ELO does not exclude offsetting and compensation because, when properly designed, these mechanisms can generate predictable demand for high-quality nature credits, helping to mobilize private investment in biodiversity restoration. To be effective, ecological compensation schemes must also be fair and create a level playing field. A coordinated EU-wide approach is essential—one that grants Member States flexibility in implementation while preserving coherence.

[3] https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=comnat%3ACOM_2025_0374_FIN

This should include establishing clear EU-level criteria for what qualifies as valid offsetting, encouraging national offsetting schemes to adopt common units and interoperable registries, and requiring offset buyers—such as infrastructure, energy, or transport firms—to purchase certified, high-quality credits from recognized registries.

Compensation mechanisms represent only one facet of a comprehensive approach. To fully unlock private investment in biodiversity, we need a credible and effective nature credit market that includes:

- Balanced supply and demand: real incentives for both landowners (suppliers) and buyers (businesses, investors)
- Reasonable transaction costs: processes must be cost-effective, especially for small and medium-sized landowners
- Shared definitions and standards: clear criteria for what constitutes a credit, biodiversity gain, and permanence
- Accessible marketplaces: platforms where landowners can offer nature credits with confidence and visibility
- Business models: nature credits must be economically viable, with profitable business logic behind them
- Leadership from big business and finance: corporates and financial institutions should lead by example, creating demand and driving standards

For example, In countries like Finland, where land and waterways are predominantly privately owned, there is strong potential for landowners to take initiative and generate value from their ecological assets. At the same time, the market must guard against greenwashing (overstating benefits) and brownwashing (discrediting valid efforts). For landowners, this means that doing "good enough" should be rewarded fairly—as long as it's based on credible science and transparent reporting.

3. Rules, Practices, and Governance

There must be rules and best practices—but without over-regulation. Excessive complexity will deter participation and slow down results.

The EU must also acknowledge the differences between Member States in land tenure systems, ecological conditions, and administrative capacities. A one-size-fits-all approach will not work. Instead, flexibility and subsidiarity should guide the design of national nature credit systems, while still preserving coherence across borders.

At the policy level, Member States could use nature credits to recognise individual contributions to national restoration targets under the Nature Restoration Regulation under the Global Biodiversity Framework (GBF). Nature credits can also support related policy and market mechanisms, including sustainability disclosures, green infrastructure financing, and results-based payment schemes.

In this landscape, authority-controlled credits can become a compliance-grade instrument that supports both Member State obligations and private sector ESG goals[4], while ensuring local ownership and national implementation.

4. Opportunities and barriers for landowners and land managers

Nature credit systems hold great promise for rewarding landowners not only for new restoration efforts but also for ongoing conservation practices. Recognizing early adopters is crucial and ensures fairness, supports long-term stewardship, and reinforces trust among land managers. Valuing both preservation and restoration strengthens the foundation for durable, landscape-level biodiversity outcomes.

a. Overcoming financial and technical barriers to scale

While issuing credits only after verified biodiversity outcomes helps maintain environmental integrity, this approach presents serious financial barriers. Landowners often face high upfront costs without early compensation—discouraging participation, particularly among smaller or resource-constrained actors. The inability to monetize early efforts removes a key incentive and hinders project initiation. The European Commission's two-step model approach—certification followed by crediting—is interesting and could unlock innovative financing by validating quality interventions and translating verified biodiversity gains into tradable units, issued progressively as milestones are met. This helps projects attract funding and demonstrate impact over time. Credits can be issued progressively as milestones are met, helping projects attract funding and demonstrate impact over time.

However, on-field success depends on early, integrated coordination among landowners, investors, and credit buyers. Flexible, context-sensitive frameworks that combine ecological planning, finance, and stakeholder engagement are essential for scalable and credible nature credit systems.

While the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) – particularly ESRS E4 on biodiversity and ecosystems – provide a framework for companies to disclose their nature-related risks, impacts, and actions, their significance goes beyond transparency alone. In practice, these requirements have created the conditions for private investment in biodiversity and sustainability projects to grow in Europe. Clear and stable reporting rules should give companies the confidence to integrate biodiversity into their strategies, aligning nature-related actions with measurable and verifiable performance indicators. Biodiversity should move from the margins of corporate responsibility to the core of business strategy. The recent signals in the Commission's Simplification Package suggesting that certain ESRS disclosures, including those on biodiversity, might shift from mandatory to voluntary create a degree of uncertainty. Without predictability, businesses may struggle to justify long-term investment in projects whose benefits extend well beyond immediate financial returns. Clarity on this issue is therefore important.

Moreover, while standardization of biodiversity credits may improve market transparency, applying uniform rules across varied ecosystems and land uses is both technically and administratively demanding. High transaction costs, complex reporting requirements, and compliance burdens often deter participation—especially among those without access to technical support. A more effective system must balance scientific rigor with practicality and cost-efficiency.

To ensure ecological integrity and avoid market-driven bias, biodiversity credit systems must also encompass 'silent biodiversity'—ecosystems such as rivers, wetlands, or non-iconic habitats that provide critical services but lack direct market recognition. These areas, while not easily monetised, are vital for long-term ecosystem stability and climate resilience. Mechanisms like early validation, readiness credits, or blended finance can support interventions in these regions.

The Wildlife Estates (WE) Label[5], developed by ELO can play a key role in identifying these efforts early on, helping align private conservation action with broader ecological priorities even before full credit monetization is feasible. The WE Label provides a field-tested methodology to assess, monitor, and certify biodiversity practices on private land. It can serve as a foundational tool for piloting nature credit schemes, particularly in supporting early movers and ensuring credibility. By recognising and validating exemplary land management practices that support biodiversity and landscape integrity, the Wildlife Estates Label not only provides reputational value to landowners but also creates economic opportunities. It enhances consumer trust, supports access to premium markets, and may in the future facilitate eligibility for funding schemes or participation in biodiversity credit systems. As such, it serves as both a quality assurance mechanism and a tool for increasing the visibility and perceived value of voluntary conservation efforts.

b. Property rights and legal certainty

Secure property rights are the legal and operational backbone of effective biodiversity markets. For nature credits to be credible and tradable, landowners must have clear authority over land use and long-term ecological outcomes. Without this legal clarity, commitments cannot be enforced, permanence is jeopardized, and investor confidence is undermined[6].

In many cases, landowners are the primary risk-bearers and long-term planners. Their ability to offer binding, lasting ecological improvements depends on having legally recognized control over land assets. Property rights must therefore be formally recognized and protected within any biodiversity credit framework—not only to ensure fairness, but to enable legal accountability, continuity, and investment viability.

c. Enabling conditions for participation

To ensure broad and equitable participation in biodiversity markets, several enabling conditions must be addressed[7]:

- Monitoring tools: Credible, science-based indicators are essential to assess outcomes and build market trust.

[4] https://www.coolset.com/academy/esrs-e4-biodiversity-and-ecosystems
[5] https://wildlife-estates.info/

- Advisory and support services: Landowners need access to tailored expertise—ecological, legal, financial, and administrative—to design and manage projects effectively.
- Awareness and training: Educational outreach and local support are critical to build confidence, especially among smaller landholders or those new to ecosystem service markets8.

d. Learning from the Carbon Market (CRCF)[9]

The development of biodiversity credit markets can benefit from lessons learned in the voluntary carbon market. Acknowledging these pitfalls early is vital to avoid repeating them.

The carbon market has demonstrated the value of high-quality credits with verified co-benefits and the importance of robust measurement and reporting systems. Applying these lessons constructively can help build a credible and trusted biodiversity market.

However, excessive complexity and regulatory rigidity could inhibit early engagement. If rules are overly burdensome from the outset, smaller landowners and early-stage developers may be excluded—delaying or even derailing ecosystem restoration efforts. What is needed is a phased, flexible framework that allows projects to start, adapt, and improve over time. Regulatory clarity must be matched with practical feasibility to encourage participation and build momentum.

Even if it may seem attractive to merge the EU Carbon Removals Certification Framework (CRCF) with nature or biodiversity credits, ELO cautions against this. The CRCF criteria underline the challenge: quantification is straightforward for carbon but not for ecosystems; additionality is harder to prove in dynamic habitats; permanence applies to stored carbon, not fragile ecological gains; and for biodiversity, sustainability safeguards are not side conditions but core to success.

Merging the two risks downgrading biodiversity to a "co-benefit" of carbon and steering markets toward what is easiest to measure rather than what ecosystems most urgently require. Developing complementary but distinct frameworks would provide a stronger basis for scaling up both climate and biodiversity finance.

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[6] https://www.elgaronline.com/view/journals/jhre/5-2/jhre.2014.03.01.xml
[7] https://www.biodiversitycreditalliance.org/wp-content/uploads/2024/05/Review_Mechanisms_for_Supply-side_Quality_and_Integrity_in_the_Biodiversity_Credit_Market_Rev-260424_v2.pdf
[8] https://www.ewi-vlaanderen.be/en/flemish-stakeholder-platform-european-programmes
[9] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202403012

Concluding remarks: A framework for public-private synergy

Closing the biodiversity financing gap demands both strong public commitment and effective private sector engagement. ELO supports blended and diversified financing models that combine public funding—such as grants, subsidies, and payments for ecosystem services—with private instruments like nature credits, tax incentives, and certification schemes.

To succeed, these tools must remain voluntary, science-based, and transparent, while being tailored to the diversity of land uses and respecting the autonomy of landowners. They must also reflect the multifunctionality of land and reward long-term stewardship, including that of early adopters. Through the LIFE-funded "Land Is For Ever" project, ELO has mapped a set of practical instruments—from tax benefits to conservation labels—that can empower landowners to deliver measurable biodiversity outcomes. These approaches offer a pragmatic path forward, where policy, market, and land stewardship converge to drive lasting change. More information: http://landisforever.eu

Equally, ELO is involved in the Horizon Europe, Climate Farm Demo working towards on how to scaleup rewarding mechanisms use as levers for transformation for farmers.

ELO is actively contributing to the development of a European nature credit market through the LIFE pilot project *"Biodiversity CrEW" (Credits for European Wetlands).* Over the project's two-year duration, credits will be generated by restoring wetlands across several European countries. These credits will then be sold to buyers currently testing and shaping this emerging market.

ELO stands ready to actively contribute to the Commission's expert group. We hope this collaborative process will result in a timely, practical system that turns financial innovation into real opportunities on the ground.

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About the European Landowners' Organization (ELO)
The European Landowners' Organization (ELO) is a leading voice representing the interests of landowners, rural entrepreneurs, and rural land managers in Europe. ELO promotes sustainable land management practices, fosters innovation, and advocates for the recognition of landowners' crucial role in shaping Europe's landscapes and rural areas.