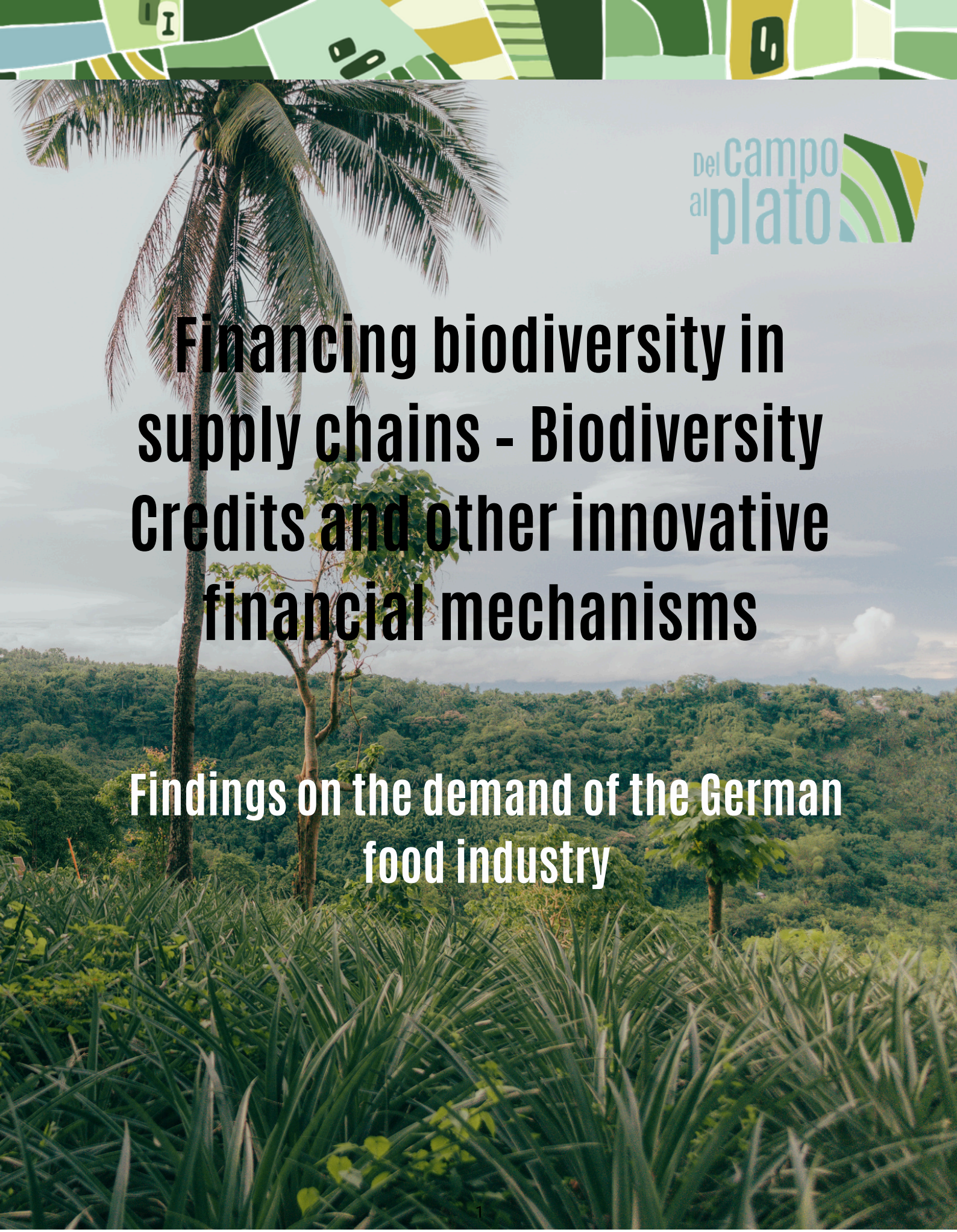

Del campo al plato

Financing biodiversity in supply chains - Biodiversity Credits and other innovative financial mechanisms

Findings on the demand of the German food industry

Implemented by
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Global Nature Fund
Food for Biodiversity
On behalf of:
Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety of the Federal Republic of Germany
IKI INTERNATIONAL CLIMATE INITIATIVE
In cooperation with
PRESIDENCIA DE LA REPÚBLICA GOBIERNO DE COSTA RICA | MINISTERIO DE AMBIENTE Y ENERGÍA | MINISTERIO DE AGRICULTURA Y GANADERÍA
REPÚBLICA DOMINICANA MEDIO AMBIENTE
REPÚBLICA DOMINICANA MINISTERIO DE LA PRESIDENCIA
REPÚBLICA DOMINICANA AGRICULTURA

About the project

The “From Farm to Fork” project (“CAP”, from the Spanish Del Campo al Plato) is funded by the International Climate Initiative (IKI) on behalf of the German Federal Ministry for the Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN). The project is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH in cooperation with the implementing partners Global Nature Fund and Food for Biodiversity. CAP aims to mainstream the protection of biodiversity and ecosystem services in the banana and pineapple value chains in Costa Rica and the Dominican Republic. To this end, the project team is exploring innovative financial mechanisms.

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Content

1. Introduction

Biodiversity loss is increasingly recognized as a material business risk for companies that depend on agricultural supply chains and ecosystem services. At the same time, policymakers, investors, and civil society are placing growing expectations on companies to contribute to biodiversity protection and ecosystem restoration. In this context, innovative financing mechanisms, including biodiversity credits, have emerged as potential tools to mobilize private-sector investments in nature-positive outcomes. Biodiversity credits[1] recently receive special attention, especially after they were mentioned in the Kunming-Montreal Global Biodiversity Framework (besides other examples of “innovative schemes”, such as i.e. payments for ecosystem services (PES) or green bonds.)

The Global Nature Fund together with the Food For Biodiversity association and the IKI project “From Farm to Fork” (“CAP”, from the Spanish Del Campo al Plato) implemented by GIZ, wanted to gain a better understanding of the financing mechanisms currently used by companies in the (German) food industry to protect or restore biodiversity.

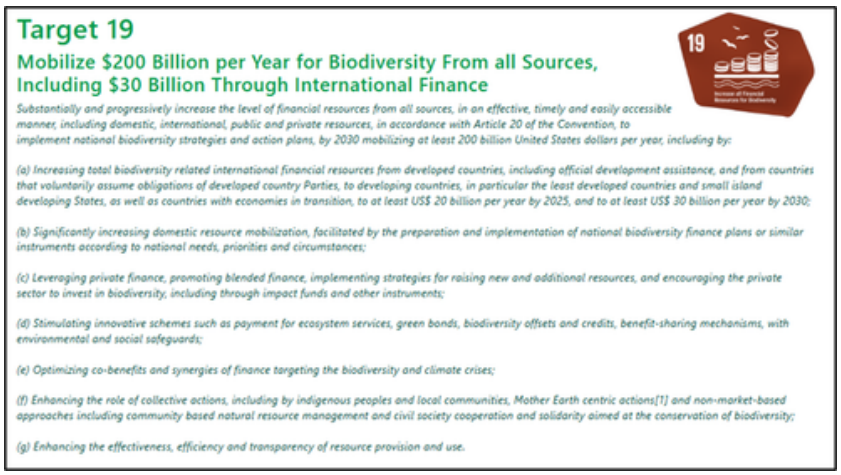


Figure 1: Target 19 of the Kunming Montreal Global Biodiversity Framework describes how the international community wants to curb financial resources for biodiversity.

Furthermore, we wanted to better assess whether there is a demand for new market-based instruments such as biodiversity credits. The analysis combines results from semi-structured expert interviews with German corporate members of the Food for Biodiversity Association and an open online survey sent to German companies operating in the food sector. The findings provide insights into current practices, barriers, investment preferences, perceptions of biodiversity credits, and future market potential.

The research question was:

What is the level and nature of demand within the German food industry for biodiversity credits or other financial instruments for financing ecosystem restoration?

[1] Definition by the BCA used in the interviews: “A biodiversity credit is 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.”

2. Methodology

The assessment employed a mixed-methods approach combining qualitative and quantitative data collection. Eight interviews with representatives of food companies and one interview with a representative of the federation of German retailers were conducted virtually, guided by a semi-structured questionnaire. The nine interviewees cumulate a significant market share of Germany's conventional grocery retail and food industry. The interviewees were mainly ESG managers from food companies who are members of the Food for Biodiversity Association. A shorter version of the questionnaire was used for an online survey, that was shared with food companies via German food associations and other networks. Six companies responded.

Expert interviews

The interviews were structured along the following areas:

- Current biodiversity financing practices
- Awareness and perceptions of biodiversity credits (BC)
- Perceived demand conditions and willingness to invest in biodiversity credits

The interviews lasted approximately 45 minutes each and were analyzed using thematic content analysis. The interviews were conducted in May and June 2026.

Online Survey

To complement the interview findings, an online survey was conducted among six companies. The survey focused on the same areas as the more extensive interviews, but was shortened for online use. The survey served primarily as a triangulation tool to validate and strengthen patterns identified in the interviews. The survey was conducted in June 2026.

Workshop

The findings were socialized and discussed in a workshop with 20 actors from the German food sector, in June 2026, including a large share of German food retailers.

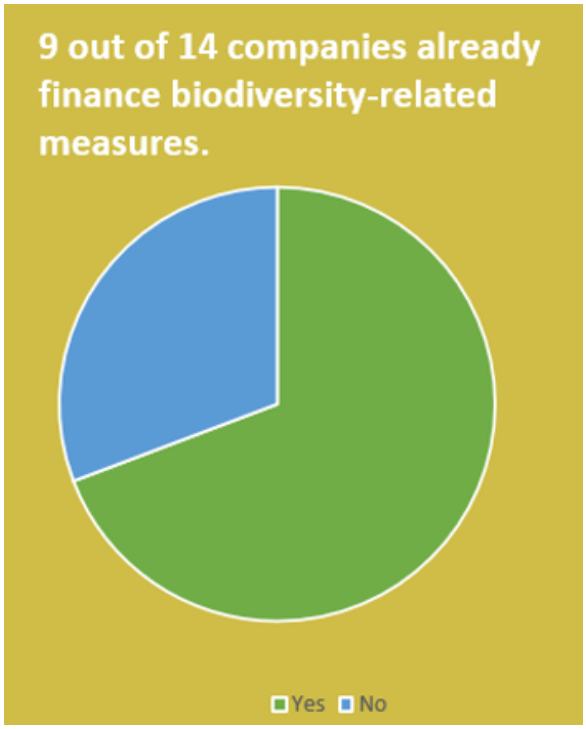
3. Current state of biodiversity financing

Biodiversity financing is already embedded in most food companies' sustainability strategies (and in the strategies of all Food for Biodiversity members we interviewed) - usually through a mix of own supply-chain programs, direct project financing, purchase of certified products or price premiums.

All interviewees who are active in those activities work with external, technically specialized actors, i.e. NGOs or universities, to implement projects and programs.

Companies highlighted the collaboration through the Food for Biodiversity association and the purchase of products certified by existing sustainability standards rather than creating entirely new financing structures. However, the interviewees sometimes struggled to assess the (positive) impacts of their corporate biodiversity / activity investments.

Overall, biodiversity financing is no longer viewed as a niche issue. Still, implementation remains fragmented, and many companies are at an early stage of developing structured biodiversity investment strategies.



4. Barriers and challenges for corporate biodiversity financing

The interviews identified the measurement of biodiversity and biodiversity-related impacts as one of the main challenges to investing in biodiversity projects. Many respondents emphasized that biodiversity is considerably more difficult to quantify than carbon, making it challenging for companies to identify appropriate indicators and monitoring approaches that can reliably demonstrate measurable outcomes.

In addition, biodiversity impacts oftentimes only become visible in the long-term, requiring significant efforts to justify and communicate investments within the company and with clients. As one participant explained with regard to customer communication: *"How can biodiversity be monetized and explained to customers? Customers do not have time for lengthy explanations, and biodiversity is inherently complex."*

Another participant summarized the challenge by noting that corporate biodiversity ambitions often exceed the financial resources available and that customers are not always willing to pay premium prices for biodiversity-positive products. Several respondents also highlighted internal barriers, including limited budgets and a lack of technical expertise in-house. One interviewee stressed that successful biodiversity projects require a broad range of expertise to mediate potential conflicts between agricultural production and biodiversity objectives; expertise that many companies do not possess in-house.

Collaboration with specialized organizations, such as NGOs or certification bodies like Fairtrade, was considered essential. Respondents also emphasized the importance of collaboration with other companies to share knowledge, resources, and implementation efforts.

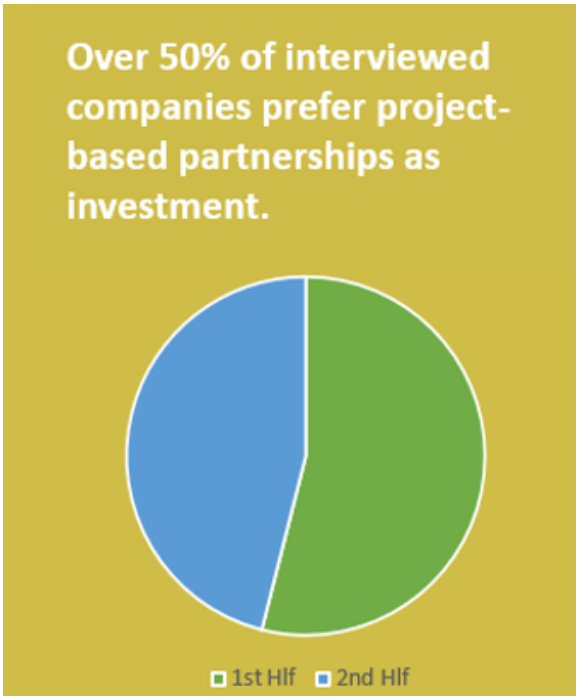
Overall, these findings suggest that internal constraints—particularly limited financial resources for this topic, insufficient technical expertise, and the complexity of measuring biodiversity outcomes, including their positive long-term impact the supply chains — remain significant barriers to scaling private-sector investment in biodiversity.

5. Key enablers for biodiversity projects

The interviews also explored the factors that increase companies' willingness to invest in biodiversity. All interviewees (100%) identified a comprehensive monitoring and evaluation system as a key prerequisite. As one participant explained: *"Projects must contribute to our Key Performance Indicators, KPIs, and be aligned with our internal framework to ensure comparability, including baseline assessments and output analyses."*

For two-thirds of the interviewed companies (67%), alignment with existing and emerging EU regulatory requirements was considered another important condition for investment. More than half of the respondents (56%) emphasized that biodiversity projects should generate positive social outcomes in addition to biodiversity benefits, highlighting the importance of integrated environmental and social impacts.

Respondents further stressed the importance of long-term project design and the permanence of conservation outcomes beyond the initial investment period. In this context, WWF's Environmental and Social Safeguards Framework (ESSF) was cited as an example of a structured approach to managing environmental and social risks while ensuring both effective conservation outcomes and the protection of local communities and ecosystems.
Although not explicitly included in the interview guide, several respondents repeatedly emphasized another critical prerequisite to them: the involvement of technically experienced and knowledgeable implementation partners capable of ensuring the long-term sustainability and credibility of biodiversity interventions.



Finally, the findings indicate that companies are most inclined to invest in biodiversity projects that are embedded within their own value chains or address biodiversity risks associated with key sourcing regions and commodities. This was also identified as the primary prerequisite for investments in biodiversity credits (see Section 8).

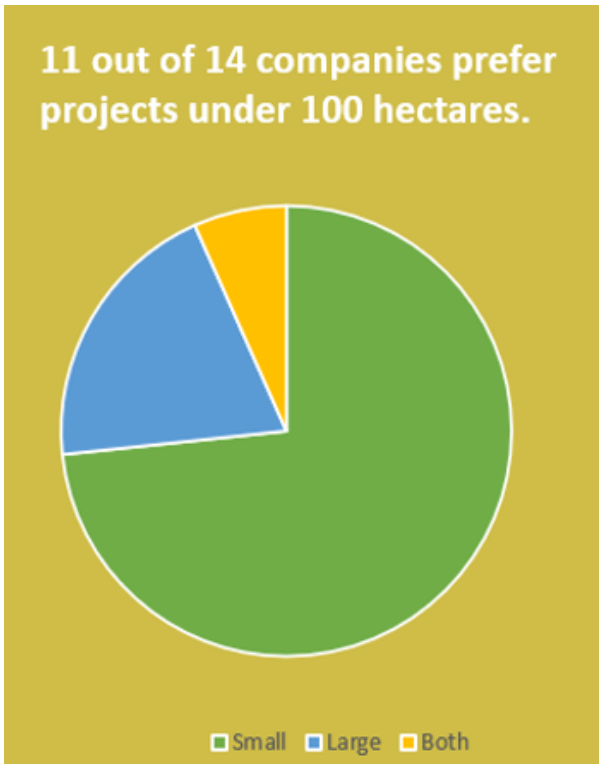
6. Preferences with regards to financing biodiversity projects

A clear pattern emerged regarding companies' preferred types of biodiversity projects. All interviewees (100%) expressed a strong preference for projects that are geographically linked to their own supply chains. In particular, projects implemented in the countries of origin of agricultural raw materials were considered the most attractive investment opportunities.

By contrast, projects located outside companies' value chains were generally perceived as less relevant. None of the interviewed companies expressed interest in offsetting approaches, indicating a clear preference for investments that are directly connected to their own sourcing regions and business activities (insetting). These results suggest that biodiversity investments are primarily viewed as a tool for strengthening supply-chain resilience rather than compensating for impacts elsewhere.

With regard to the thematic focus of biodiversity projects, the strongest interest was observed in initiatives promoting regenerative agriculture and the reduction of pesticide use.

Smaller projects under 100 hectares were preferred by interviewees and survey participants.



7. Expertise on biodiversity credits

None of the participating companies had practical experience with purchasing biodiversity credits, although many were already actively financing biodiversity-related activities through other mechanisms. Participants thus assess their understanding of biodiversity credits as basic. Since several interviewees reported negative experiences with voluntary carbon credits, their opinion toward biodiversity credits is rather sceptical.
As one participant explained: "*Our experience with carbon credits has made us sceptical of biodiversity credits, largely because of the perception that they enable companies to 'buy their way out' of responsibility. We believe real systemic change comes from developing projects in partnership with stakeholders and market actors.*"

None of the respondents considered themselves to have expert-level knowledge of biodiversity credit markets (maximum knowledge was ranked at 5 out of 10 points). Despite this limited familiarity, interest in the concept was high, according to the online survey. 5 out of 6 participants expressed a strong desire to learn more about biodiversity credits, biodiversity financing mechanisms more broadly, and their potential practical applications.

8. Risks and Concerns

The most significant concern associated with biodiversity credits is the risk of greenwashing and reputational damage. In the interviews, 89% of respondents identified greenwashing as a major risk, while 67% also pointed to a potential lack of acceptance among stakeholders. Across both the interviews and the online survey, companies repeatedly referred to lessons learned from voluntary carbon markets, expressing concerns that poorly designed biodiversity credit systems could undermine credibility if environmental claims cannot be robustly substantiated.
As one participant summarized: *"The risk lies in a potential distraction from supply chains and the mitigation hierarchy. Double accounting, lack of transparency, and the absence of a common unit are further problematic."*

Beyond reputational concerns, other interviewees also highlighted significant methodological challenges. Biodiversity was widely perceived as inherently difficult to standardize and compare across projects, making robust scientific methodologies and transparent impact assessment indispensable, as already mentioned in section 5. One interviewee illustrated this challenge by stating: *"There is no equivalent to an orangutan. Species cannot simply be offset against one another."*

Respondents also raised concerns about the immaturity of the emerging biodiversity credit market. Several interviewees questioned whether new market providers possess sufficient sectoral expertise and local knowledge to develop credible and scalable projects. As one respondent noted: "*The start-up mentality of providers is both an opportunity and a burden. Many providers have limited knowledge of the sector and its requirements. It is unclear whether they sufficiently understand the production regions and market demand, and whether their models and projects can ultimately be scaled.*"

In addition, companies expressed concerns about high certification, verification, and transaction costs. Respondents of the survey stressed that biodiversity financing mechanisms should maximize resources reaching conservation activities on the ground rather than creating excessive administrative overhead.

9. Opportunities and potential demand for biodiversity credits

Interview results showed a direction in which biodiversity credits could become a credible market instrument. Respondents emphasized that trust will depend on robust scientific methodologies, standardized approaches that enable comparability across projects, and reliable independent verification of environmental outcomes. One participant summarized the potential, that for credit schemes to become "*a scientific methodology, a standardized approach to ensure comparability, and reliable verification of impacts are essential."*

Overall, respondents expressed cautious but growing interest in biodiversity credits and regarded them as a potential complementary instrument for financing biodiversity conservation. Rather than replacing existing biodiversity initiatives, credits were consistently seen as an additional mechanism that could mobilize private-sector investment while complementing direct supply-chain interventions. The willingness to pay is highly influenced by an expected positive impact on brand value as well as a reduction of supply chain risks as main motivation (40%).

As one participant summarized the perceived opportunities: *“Greater transparency and comparability through a standardized methodology; credits could be an additional financing mechanism and a low-threshold entry point."*
Another interviewee emphasized the potential benefits for producers: *"It is actually a great approach for farmers to secure long-term financing for the land they dedicate to biodiversity."*

These perceptions are reflected in quantitative results. While 67% of the interviewed companies do not currently consider biodiversity credits a substitute for existing biodiversity initiatives, one third could envisage using them as an additional instrument alongside established sustainability and supply-chain programmes.

The willingness to invest, however, depends on several key conditions. The most important prerequisite identified by respondents was a clear connection to the company's own supply chains (89%), followed by a robust scientific foundation (78%). Transparent impact measurement (56%) and independent third-party certification (56%) were also considered essential. The online survey confirmed these findings, with monitoring, verification, and supply-chain relevance emerging as the most important factors influencing investment decisions.

Regarding future market development, companies generally perceive biodiversity credits as a medium- to long-term opportunity. Only a few respondents expected widespread adoption within the next one to two years, whereas many anticipated that biodiversity credits would gain considerable relevance over the next three to five years as methodologies mature, standards become more established, and practical experience increases.

10. Expectations towards credit developers and politics

Most of the interviewed companies did not yet have clearly defined expectations towards biodiversity credit developers, reflecting the early stage of market development. Nevertheless, several recurring themes emerged. Respondents emphasized the importance of sound project design, including the active involvement of farmers and other local stakeholders, as well as robust monitoring and verification systems to ensure credible outcomes.

Companies also stressed that biodiversity credits should be compatible with existing corporate sustainability frameworks and reporting requirements, including the Science Based Targets Network (SBTN), the Corporate Sustainability Reporting Directive (CSRD), and concepts of regenerative agriculture. Across the interviews, there was a strong call for greater harmonization of scientific methodologies and crediting approaches to improve comparability, transparency, and market confidence.

A particularly strong message was reinforced during the stakeholder workshop with food companies: Participants consistently emphasized that biodiversity crediting schemes should be closely linked to companies' own supply chains and productive landscapes, rather than supporting conservation activities unrelated to their sourcing regions. However, previous research conducted within the IKI project Farm to Fork (2025), identified hardly any biodiversity crediting schemes that currently adopt such a supply-chain-oriented approach.

With regard to the policy framework, respondents expected clearer guidance from the European Commission. Many also argued that stronger incentives are needed to encourage corporate investment. Rather than replacing public funding, biodiversity credits were frequently seen as a mechanism to complement it by mobilizing additional private finance. Several interviewees referred to countries such as Switzerland and the United Kingdom as examples of how public and private funding could be combined effectively.

Finally, interviewees did not express a clear preference for either purely voluntary or publicly regulated biodiversity crediting schemes.

11. Market outlook

Interview participants generally identified large retailers and major food brands as the most likely first movers. These companies face greater public scrutiny, stronger reporting requirements, and often possess larger sustainability budgets.

When asked to prioritize between several options to finance biodiversity, none of the respondents mentioned biodiversity credits as sole option. Almost the majority (43%) mentioned:

- Expansion of own supply chain programs
- NGO cooperations
- Combination of several approaches

12. Conclusion

This study confirms that the German food industry increasingly recognizes biodiversity as a strategic sustainability issue and is willing to invest in biodiversity protection and restoration. Companies show a strong preference for investments that are directly linked to their supply chains and generate tangible benefits for sourcing regions and agricultural production systems – as well as social benefits.

While biodiversity credits are attracting growing attention, current demand remains limited and conditional: Companies require clear standards, robust monitoring systems, scientific credibility, regulatory recognition, and transparent impact reporting before they are willing to commit significant resources.

Overall, the findings suggest that biodiversity credits have the potential to become an important additional (!) financing mechanism in the future. However, their success will depend on the development of trusted governance frameworks and their ability to demonstrate measurable biodiversity outcomes while avoiding the credibility challenges experienced in voluntary carbon markets.

At present, the German food industry can best be characterized as being in an early-adopter phase: interest in biodiversity financing is growing rapidly, but market structures, knowledge, and confidence in biodiversity credits are still developing.