

Investment interest

- Due diligence on investments - integrate environmental, social and governance issues
- European Bank for Reconstruction and Development- performance standards
- Earth Capital Partners - use Earth Dividend Metric to report ESG impact of investments; 5 categories - natural resources, ecosystem services, pollution.

Tradable credits in the US

- Wetland mitigation credits
- Habitat conservation credits
- Water quality credits - N, P, sediments
- Bundled biodiversity credits
- Marine biodiversity credits
- Natural resource damage credits
- Mangrove credits
- Etc.....

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MARKETS

- Carbon
- Water
- Biodiversity
- Other Conservation Markets

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Species Banking Gains in the UK

Country Name: United Kingdom

Author: Daniel Kandy

As 2010 comes to a close, we look back at the strides being made in biodiversity offsetting in the UK. Three workshops were organized by the Natural Capital Initiative to investigate and address the challenges facing the implementation of a national biodiversity offset program. The issue has been on the table for a while, but finally looks like biodiversity offsetting will be implemented on a voluntary basis under the new coalition government.

Ecosystem Marketplace

Value = \$5 - 10bn p.a
State of Biodiversity Markets
Offset and Compensation Programs Worldwide



Related Links

Habitat Banking: How it Could Work in the UK

Can The British Ecologist Save the English Countryside by Putting a Price on Nature?

...s, he
n't always so, and it may change going

...e for ensuring that threats to biodiversity are
all jurisdictions.

...mple, can utilize offsets to comply with the
continent. In February, the Economics for
Arguments for Biodiversity Protection:
and the Environmental Liability Directive, it
ope under a regulatory offset program.

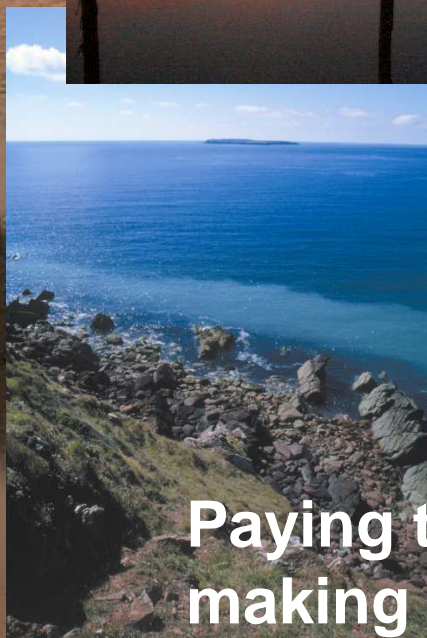
What is needed to grow emerging markets

- Good regulatory framework rather than voluntary approach
- Standardised metrics
- Accreditation of suppliers of offset and ecocredits
- Clearly defined asset classes
- Cooperation between science, finance and on-the-ground delivery
- Verification, registry, tracking of credits and enforcement
- Environmentally experienced brokerage system - trading platform (Environment Bank)

Policies we can use

- Biodiversity offsets through the planning system (NEWP)
- Environmental Liability Directive - turn into economic cost of restoring environmental damage - direct economic value of BES
- Potentially offset purchase/credits through Water Framework Directive
- CSR - construct credits that can be purchased by corporates; create bonds from offsets that attract investors

Environmental impacts = environmental markets



Paying the true cost of the use of land –
making nature economically visible

Planning is failing to deliver

- Landscapes and biodiversity continue to erode despite Section 106's etc.
- Mitigation within development site boundaries is largely unsuccessful
- Delays and uncertainty increase
- Developer costs increase
- A more streamlined and effective system is needed

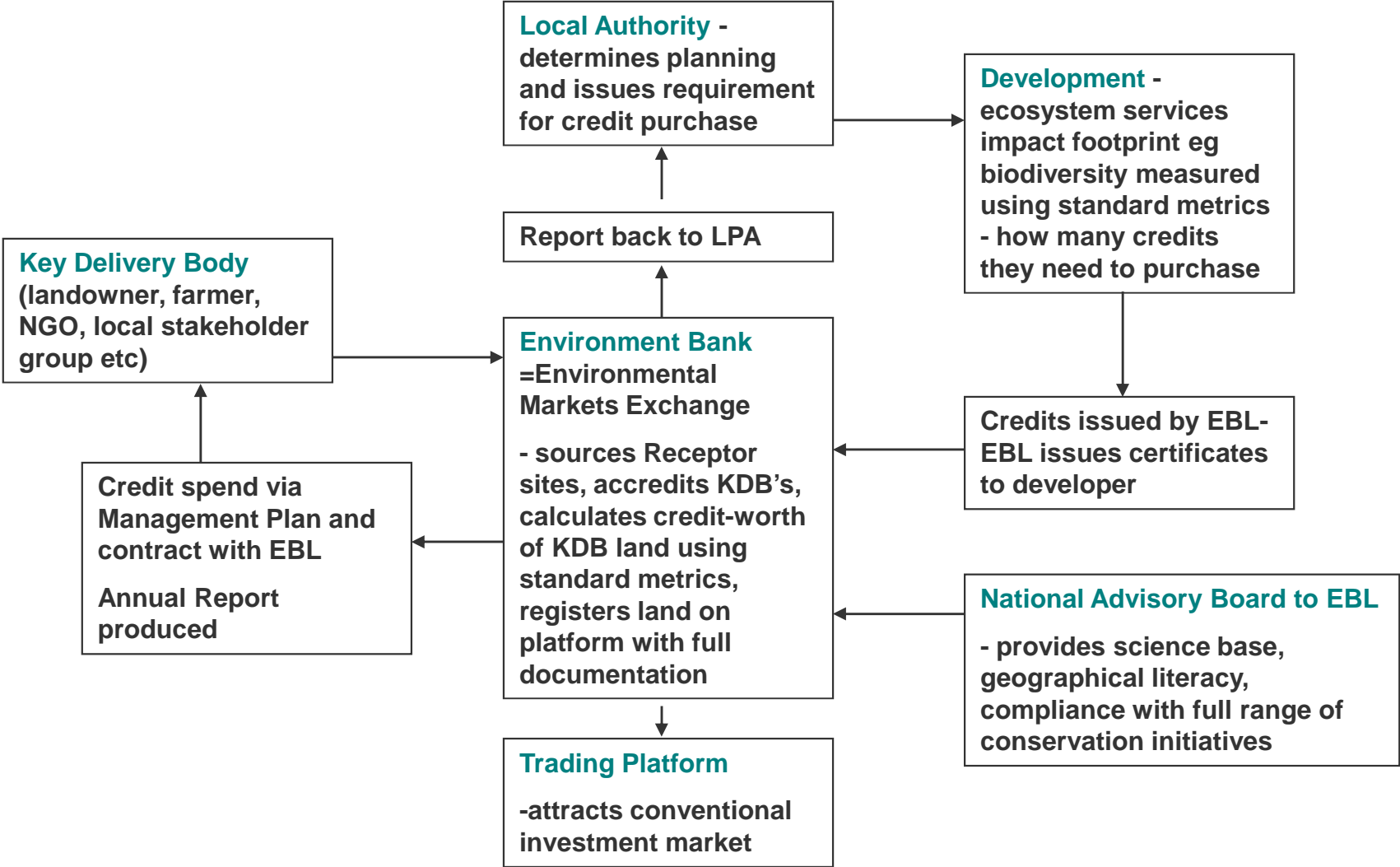
Contributing to Ecosystem Services

- Developed land cannot be used for
 - flood alleviation
 - food production
 - biodiversity
 - landscape quality and value
 - recreation
 - carbon sequestration
 - climate change resilience and adaptation
- This has a substantial cost which would be factored into the credits purchased by developments

Sectors

- Housing
- Infrastructure
- Port developments
- Retail
- Distribution centres
- Water resources and reservoirs
- Waste management
- Power
- Climate proofing
- Sport and leisure
- Oil and gas
- Minerals

Environment Bank model for delivering Conservation Credits



Roles of agencies and organisations (1)

- One overarching financial institution (EBL) to call for/database receptor sites from KDB's, establish licence/registry
- LPA assesses credit requirement of development
- LPA issues permit to developers to purchase credits from EBL under a conditions precedent
- EBL issues registered certificates to developer - letter of sale
- EBL establishes with KDB :
 - conservation bank agreement
 - land covenant
 - management plan
 - financial assurances
- EBL audits KDB, KDB provides monitoring report
- EBL (because its independent) raises funds from investors – need stability, guaranteed returns, impartial and independent from planning and development decisions

Roles of agencies and organisations (2)

- LPA's kept independent of credit calculation and spend profile so as not to conflict with planning consent (or funds retained for core authority budgets)
- Key Delivery Bodies = NGO's, landowners/farmers, land management Co's maintain their independence so as not to conflict with their role as planning consultees
- LPA's and NGO's maintain their close working relationship
- Contractual obligations are between KDB and EBL, not the LPA