What can be learnt from offset mechanisms using market-based instruments?

Journée Biodiversité & Entreprises
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Outline

• Two examples using market-based instruments:
  • Mitigations/Conservation Banks – tradable rights and liabilities
  • Brushbroker program (Australie) – auctions mechanisms

• Institutional/economics/ecological settings for a « good » market for biodiversity offsets!

• Why « good market » for offsets is not an easy task in the french context!!
A market-based tool for biodiversity offset?

- Biodiversity values and Biodiversity costs of loss = (natural) assets
- Liability for offset becomes a (financial) asset
  - Costs of degradation of biodiversity = (financial) asset
  - Creation/restoration of biodiversity = (financial) assets
- Habitat banking systems (banque d’actifs naturels en français)
  - Role of the State = Quantity of public good
  - Role of stakeholders = setting of prices

New institutional settings for biodiversity conservation (markets with rules and procedures)
Mitigation or Conservation banking system

Bank sponsor

Conservation/Mitigation banking

Regulators or State

- Banking instrument (contrat)
  - Regional planning
  - Review team
  - Agreement process (two times, two steps, one market)
  - Geographic localisation, restoration plan, indicators, area of influence, credits values and emissions, reporting.
  - Insurances and guaranties and long tenure for conservation
Bush Broker Program (Victoria, Western Australia)

Auction system to preserve natural cover.

Registration of Crédits related to Natural Cover

Developer

Bushbroker

Private landowner
Supplier of credits
Some final remarks on Mitigation/conservation banking system and Auctions

Transfer of liability
Risks (financial) guarantees
Regional land planning

No net loss/Net positive impact
Long term tenure conservation
(easements, land tenure)

Habitat banking
Bank sponsor

State Regulator

Legal requirements
Law on offset

Developpers
Towards a banking system in France???

- Institutional/economics/ecological settings for a « good » market for biodiversity offsets!
  - Good opportunities
  - Mutually supportive to the existing French legal requirements for protecting biodiversity
  - Complementary and supportive for conservation objectives/target … under some conditions (common Bd)

- Why « good market » for offsets is not an easy task in the French context!!
Challenges related to a potential creation of an habitat banking system in France (Banque d’Actifs Naturels)

Transfer of liability
Risks (financial) guarantees
Long term tenure conservation (easements, land tenure)

Habitat banking
Bank sponsor

No net loss/Net positive impact
Offset in advance
Regional land planning

State
Regulator

Developpers

Legal requirements
Law on banking system
Merci Beaucoup

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