

Sara Brodnax

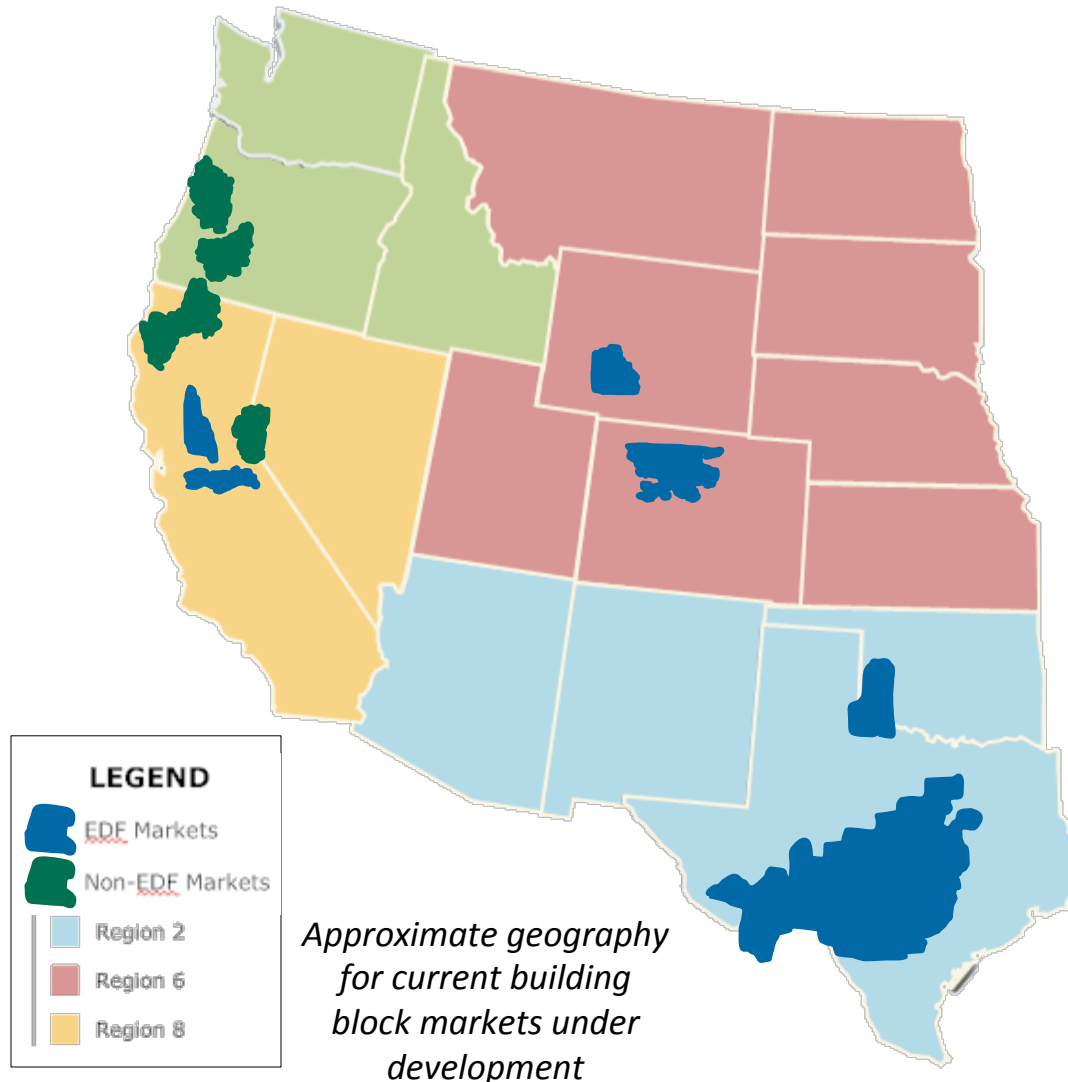
Environmental Defense Fund

Habitat Exchanges

A Market-based Conservation Mechanism



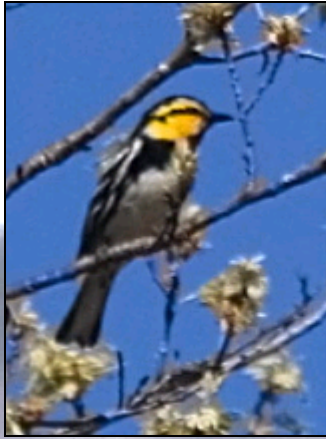
Building Block Markets



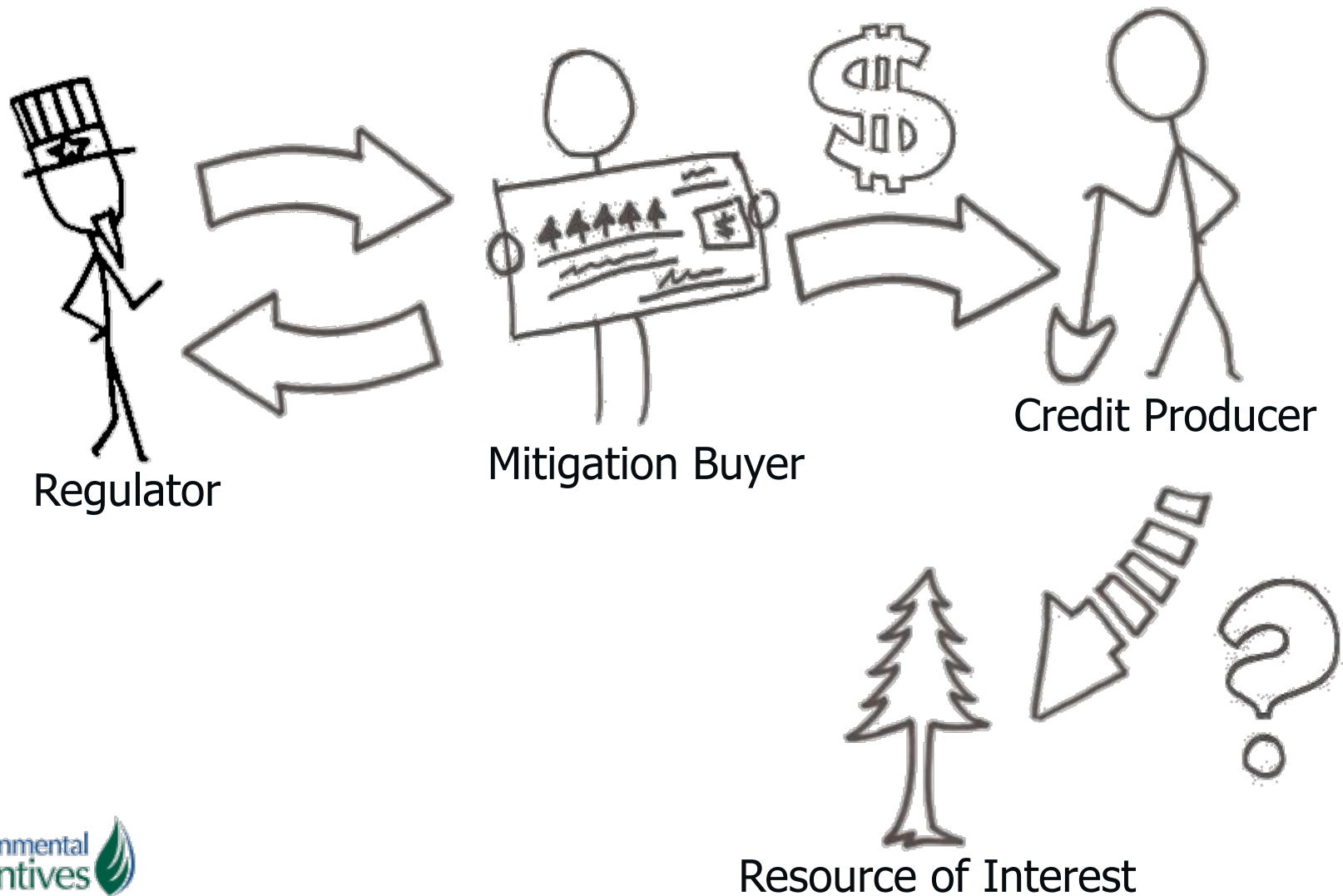
Habitat Exchanges

A young deer with light brown fur and white spots is standing in a field of purple flowers. The background is a dense forest of tall, thin trees. The scene is captured in a soft, slightly blurred style, emphasizing the natural environment.

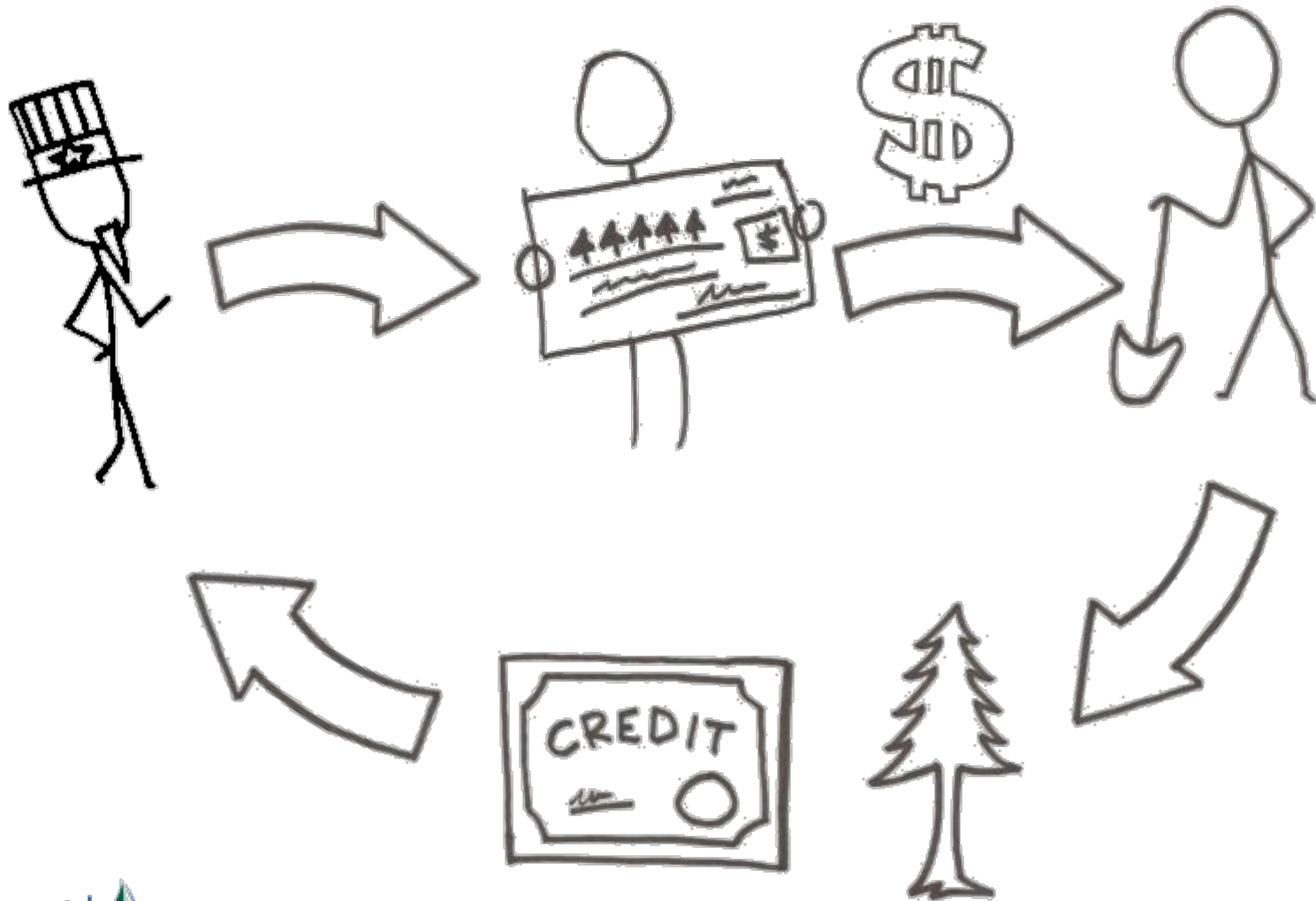
- Link directly to environmental goals
- Market-based and science-based
- Recover species in a cost effective way
- Integrated landscape-scale conservation



TRADITIONAL OFFSETS



PERFORMANCE-BASED MARKETS



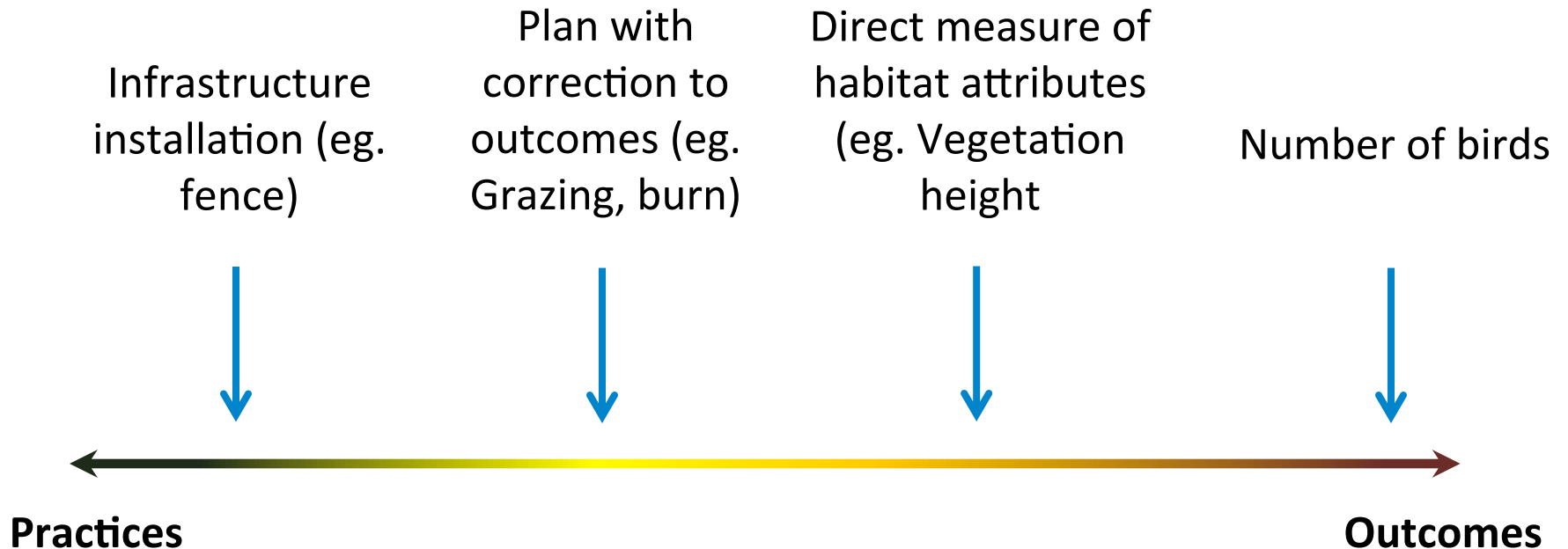
Shifting to Performance-Based

Requires:

1) New Methods for Quantifying Outcomes

2) New Accounting Methods

Practices ↔ Outcomes Continuum

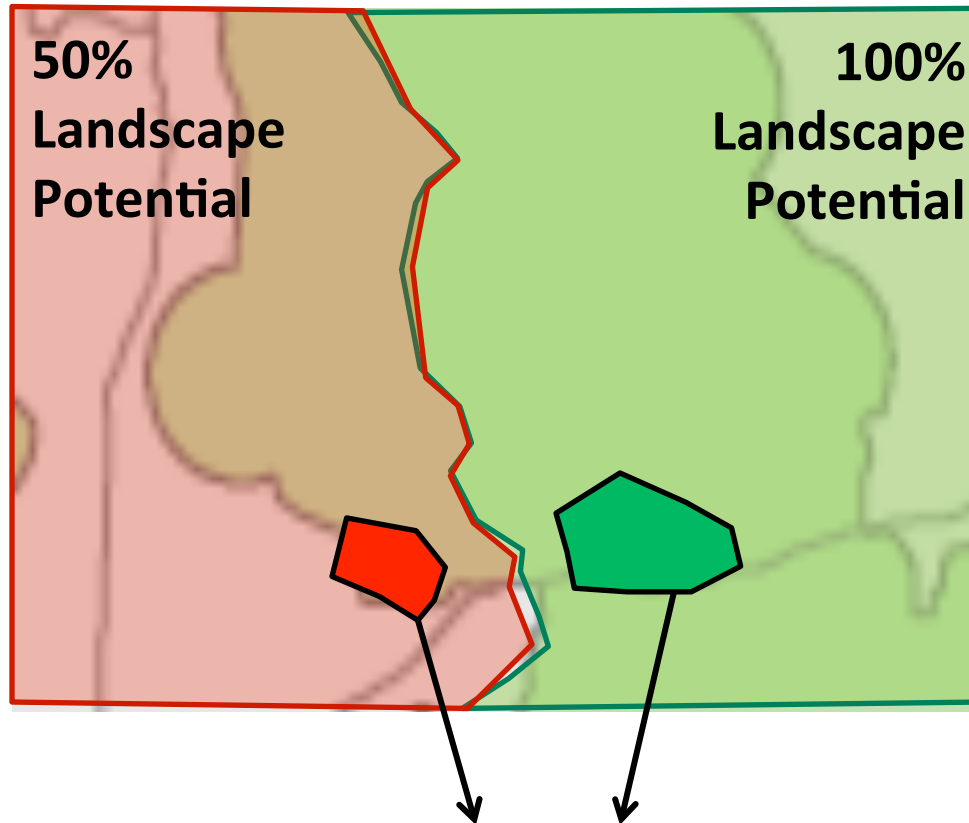


Benefits of Performance-Based

- Lower transaction costs
- Lower on-the-ground costs
- Encourages innovation

❖ Ferraro 2002

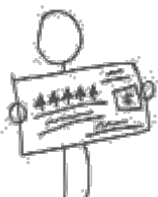
Landscape Scale Habitat



Site Scale Habitat

Functional Acres: Debits

Project Developed on Habitat



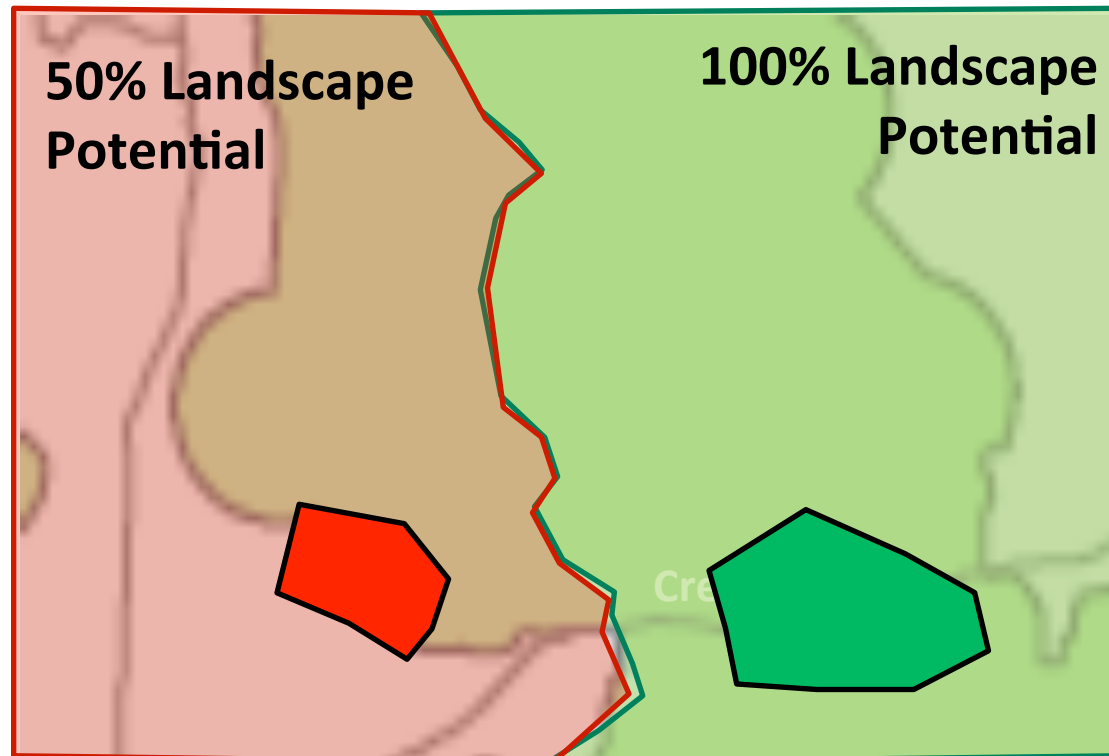
Pre-Project	Acres	Quality	Functional Acres
Site	100	X 100%	= 100
Landscape	n/a	50%	50

Post-Project	Acres	Quality	Functional Acres
Site	20	X 0%	= 0
	80	X 50%	= 40
Landscape	n/a	50%	20

Total Debit: 30 functional acres

Functional Acres: Credit Requirement

Greater Sage Grouse Habitat



Hypothetical Example: Mitigation Requirement = **Debit** x 1.2

Mitigation Requirement = **30 functional acres** x 1.2
= **36 functional acres**

Net Benefit = 6 functional acres (36 – 30 functional acres)



Management Practices to Improve Habitat

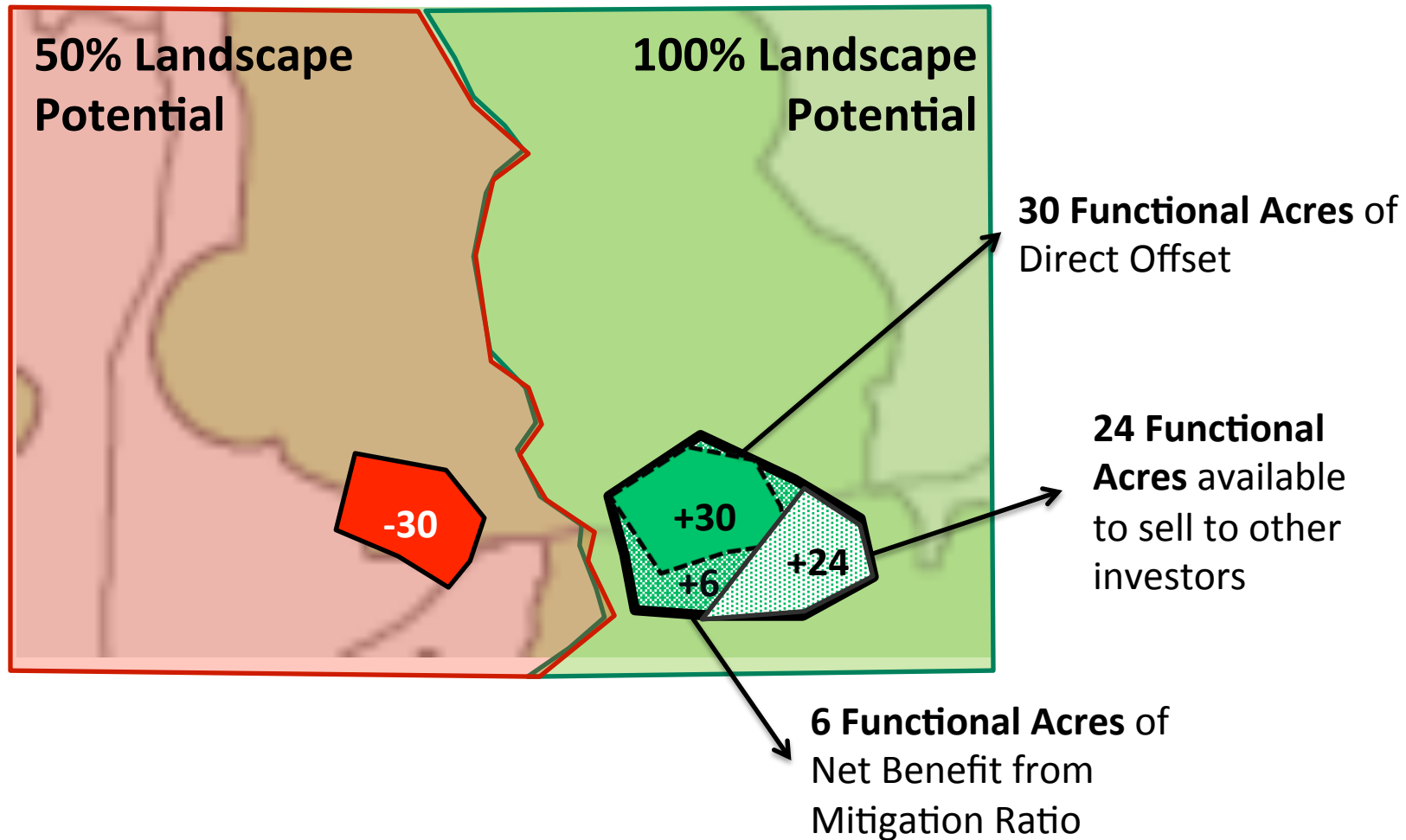


Pre-Project	Acres	Quality	Functional Acres
Site	20	X 0%	= 0
	80	X 50%	= 40
Landscape	n/a	100%	40

Post-Project	Acres	Quality	Functional Acres
Site	100	X 100%	= 100
Landscape	n/a	100%	100

Total Credit: 60 functional acres

Functional Acres: Net Benefit



Credit – **Debit** = Extra to Sell

60 functional acres – **36 functional acres** = **24 functional acres** of extra credits to be sold

PROCESS & TOOLS



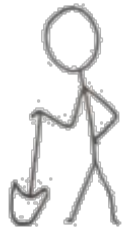
Operational Protocol

Quantification Tool

Verification Documents

Registry: Trading & Reporting Platform

Quantification Tool



» Credit Producers

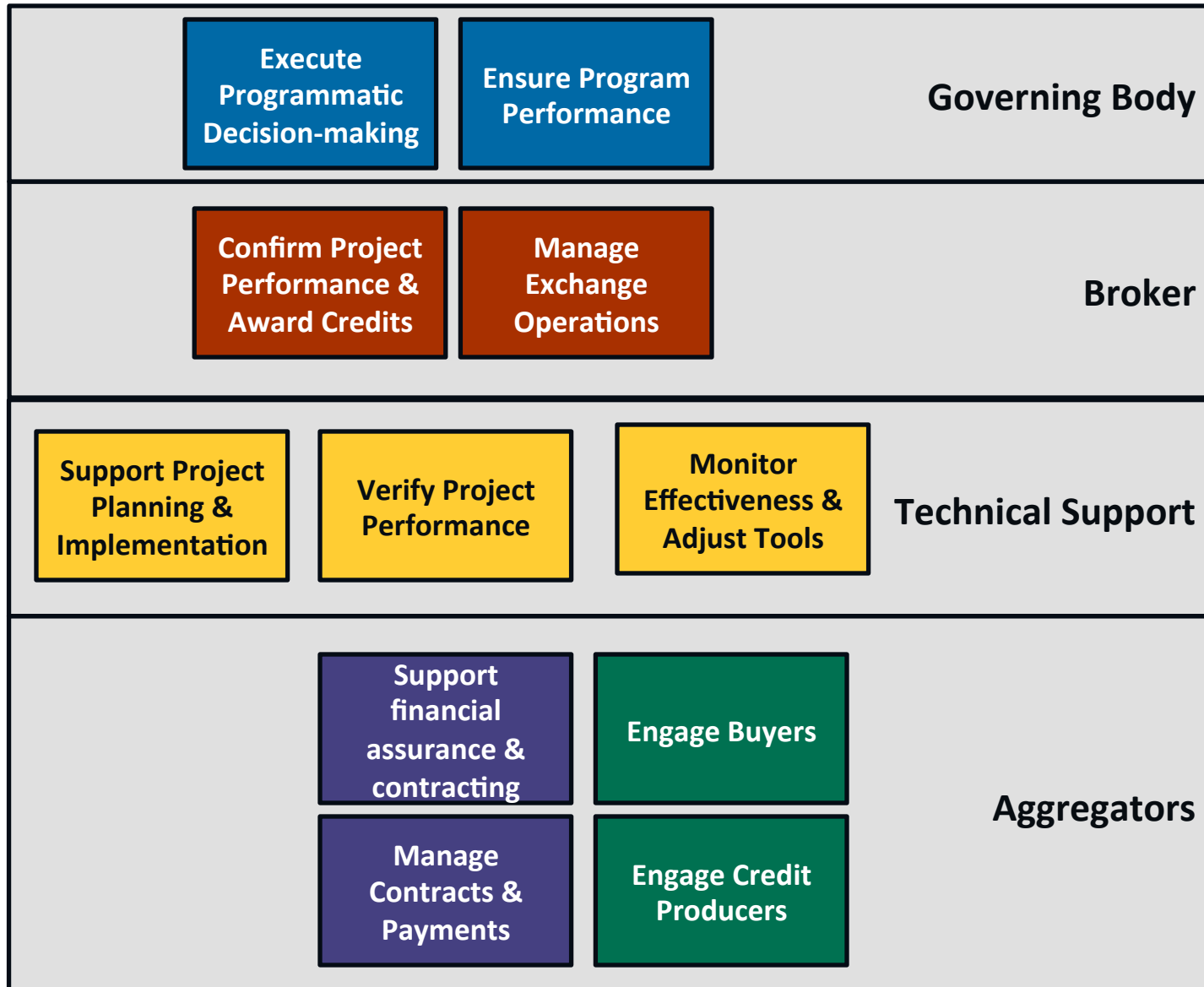
Protect & restore habitat
that generates credits

Investors «



Purchase credits for
conservation or mitigation

Potential Market Roles



Key Points

- Market-based
- Science-based: quantified & verified
- Outcome-based
- Improves certainty for project development
- Transparent
- Focused on state conservation goals
- Meets standards of key regulatory entities

Questions?



Sara Brodnax
sbrodnax@edf.org
(202) 572-3276

Ted Toombs
ttoombs@edf.org
(970) 290-2031

