

A Green Thumb for the Invisible Hand

Katherine Hamilton
khamilton@ecosystemmarketplace.com





About the Ecosystem Marketplace

- A Project of Forest Trends
- “Bloomberg” for Emerging Markets in Ecosystem Services
- www.ecosystemmarketplace.com
- Consistent information critical for building these environmental markets/ transactions
- News updated daily, with commissioned articles and newsletters, quantification



Current Highlights

NEXT >>

US-Based Voluntary Offset Projects: Coming of Age?

There seems to be ever growing market demand for carbon neutral services in the United States. But with voluntary carbon offsets under attack, can America's fledgling market deliver the kinds of high-quality offsets that sophisticated global players demand? The **Ecosystem Marketplace** examines the issues framing the debate in the US market.

> Go to Article

Voluntary Carbon Markets

A Business Guide to What They Are and How They Work

with a foreword by Al Gore

Sneak preview and order info >>



TODAY'S NEWS

- New Jersey Pine Barrens performing valuable ecosystem services
- Fertilizing oceans for profit
- Opinion: How to do nothing about global warming
- Jacobs Creek project puts wetlands 'in the bank'

> View and Search News

MarketWatch

Tracking transactions, pricing trends, and buyers listings across 14 markets where ecosystem services are paid for. Markets are arranged under the categories of biodiversity, carbon, and water. Visit [MarketWatch](#) | CNBC Coverage: [Street Signs](#); [Squawkbox](#)

INDIVIDUAL MARKETS:

Select One

MARKET SECTORS:

Select One

Carbon Mid-price* [3 month]



*CCX - 2007 | EU ETS - 2008 | NSW - Spot

Profile



Pennsylvania's Environmental Revolutionary: Kathleen McGinty

The Ecosystem Marketplace follows the career of Kathleen McGinty, head of the

Features



Parthenon Capital Fuels Wildlands, Inc. Rapid Growth

Wildlands, Inc. recently announced that Parthenon Capital, a private equity firm with over \$1.5 billion under management, has invested in the company. The **Ecosystem Marketplace** finds out how Wildlands, Inc. plans to put the new



Place Your Ad Here

Learn More About Advertising On Ecosystem Marketplace >>

MORE HIGHLIGHTS

Categories of Services/ Products

- Biodiversity
- Water
- Carbon
- Others: Scenic beauty (eco- tourism), bundled services (land trusts, conservation easements)



Range of payment mechanisms:

- Government Payments
- One-off Transactions
 - * Payments for watershed services
 - * OTC carbon offset sales
- Markets
 - * Regular meetings of buyers and sellers to undertake transactions
 - * Ex. Regulated carbon markets



The Anti-commodity: Biodiversity

- ▶ Ecosystem Mitigation (Wetland and Species) Banking (US)
 - * \$3.3 billion a year spent on mitigation programs in the U.S. (ELI)
 - * \$1.3 billion sold from the roughly 120 species banks and 600 wetland banks in the US (ELI)
- ▶ Bio-banking (NSW Australia)
- ▶ Voluntary Biod. Offsets/ credits (Malua Wildlife Habitat Conservation Bank)
- ▶ Gov't payments for biodiversity (Global)
- ▶ Other private sector 'payments'



Coming Soon...Speciesbanking.com

- ▶ Like wetlands, but species
- ▶ Dozens (@70 active) in the US
 - Most in California
 - Poised for growth in Florida, Texas etc.
- ▶ Species credits selling for hundreds of thousands of \$8,000- 500,000 (acre)
- ▶ Market worth about \$250- 350 million/year
- ▶ Investors diving in
- ▶ U.S. (then Australia most developed)

This site is part of the Ecosystem Marketplace Network. [Learn More >>](#)


Home | About | Contact | Search

SPECIES BANKING DATABASE

BANKS | TRANSACTIONS | SPECIES | STATES | NEWS & ARTICLES | DIRECTORY

FEATURED ARTICLES

◀ back | next ▶



Endangered Salamander Habitat Protected (CA)

SANTA CRUZ, CA, 6/9/04 - The Trust for Public Land (TPL) and the California Wildlife Conservation Board announced the purchase and permanent protection of the largest undeveloped area of chaparral and coastal woodlands on the west side of Highway 1 between Aptos and Viotsonville. The 209-acre Buena Vista property is the newest addition to the California Department of Fish and Game's Santa Cruz Long-Toed Salamander State Ecological Reserve. The property, valued at \$6.7 million... [Learn More >>](#)

Market Snapshot

Number of Banks	77 Banks
States with Banks	10 States, 1 Commonwealth
Species Available	44 Species
Transaction Volume	666 Transactions
Land Area Protected or Restored	44,521 hectares (110,260 acres)

Use Search Data Navigation

U.S. Species Banks



[Full Sized Map >>](#)

LATEST NEWS

- *All Vero Eos et Accusamus et Inelo (Iguassimoe*
- *Ducimus qui Blauditis Praesentium Voluptatum*
- *Defendi Atque Corrupti Quae Dolores et Quae*
- *Microfusa Exceptur Sint Occaecati Cupiditate No*

[More News >>](#)

NOTWORTHY

- *US Conservation Banking Market Summary*
- *Lorum Ipsum Dolor Sit*
- *Adipiscing Elit Sed Do*
- *Etiam Tempor et Labore et Dolor Magna Aliqua*
- *Ut Eius et Molest Veniam*
- *Nulla Pariatur Excepteur*

Find Banks

Select an option:

Select a State:

Select a Species:

Search Transactions

Select one or more options:

Select a Bank:

Select a Species:

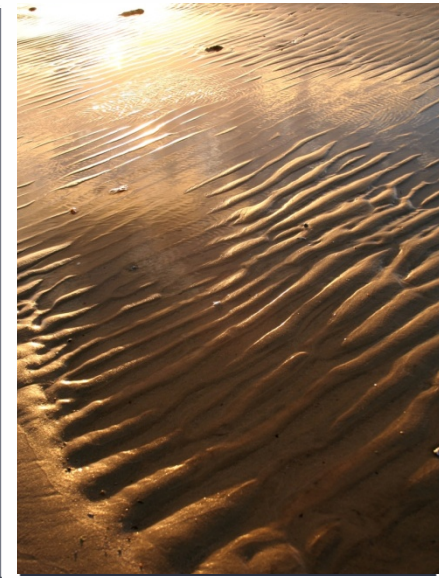
FREE EMAIL NEWSLETTER

Don't miss a beat. Subscribe to Migration Mail, the Ecosystem Marketplace's newsletter on migration/conservation banking.



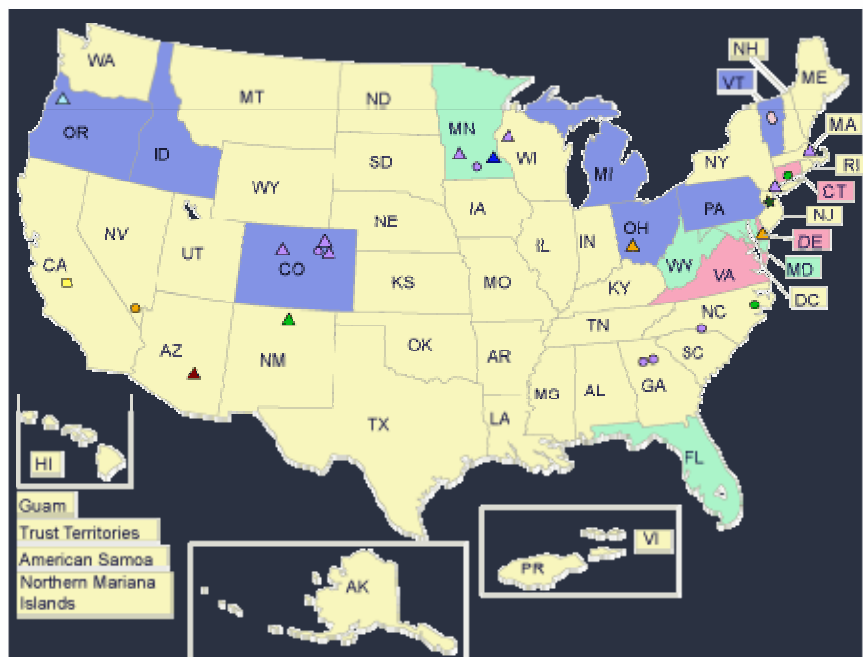
Water markets

- ▶ Payments for Watershed services (quality & quantity)
 - ▶ Paying land owners (ex. Heredia, Costa Rica/ Perrier Vittel)
 - ▶ Purchasing land (Water Conservation Fund in Quito)
- ▶ Nutrient trading
 - ▶ Nitrogen, phosphorus, sediments
 - ▶ Small pilot programs across the United States (Ohio's Miami Conservancy District)



Nutrient trading: challenges

- ▶ Not easily commoditized (not carbon)
- ▶ But markets want to be global and this will happen on watershed scale so smaller size (watershed)
 - ▶ i.e. will be lots of little markets, not global like carbon
 - ▶ Could/Should become a series of large markets:
 - ▶ Think Chesapeake, Gulf of Mexico
 - ▶ Forest Trends “Nitrogen Neutral” Fund



Source: EPA

Chesapeake Fund

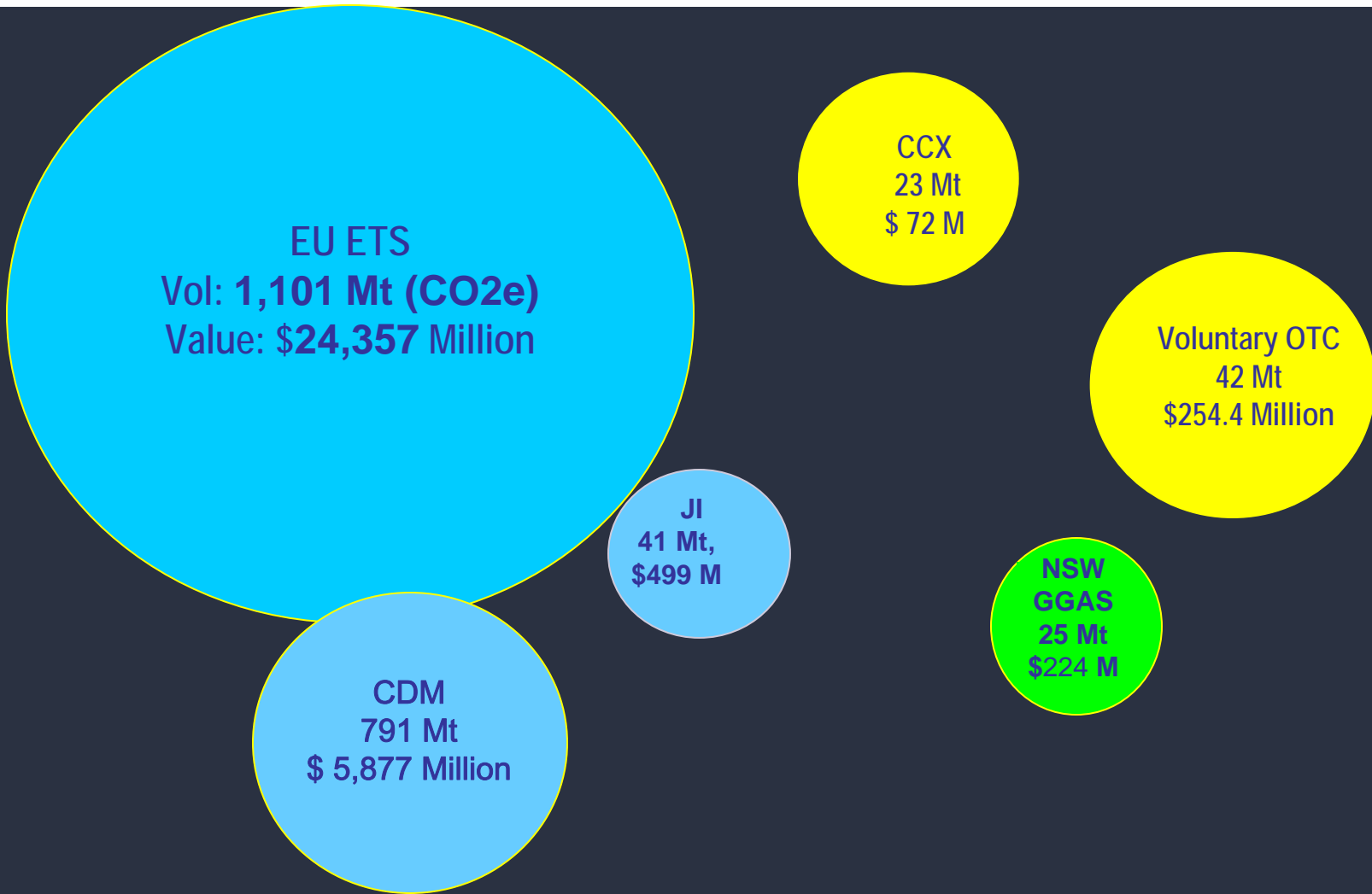
- Collaborative project: Forest Trends, Chesapeake Bay Foundation, and World Resources Institute
- Regional pilot with the potential to scale and model in other watersheds
- Focus on “offsetting” nitrogen emissions by investing in water quality protection and restoration projects
- Forest restoration and protection: potential for high-value return



The Exploding Market..... Carbon!

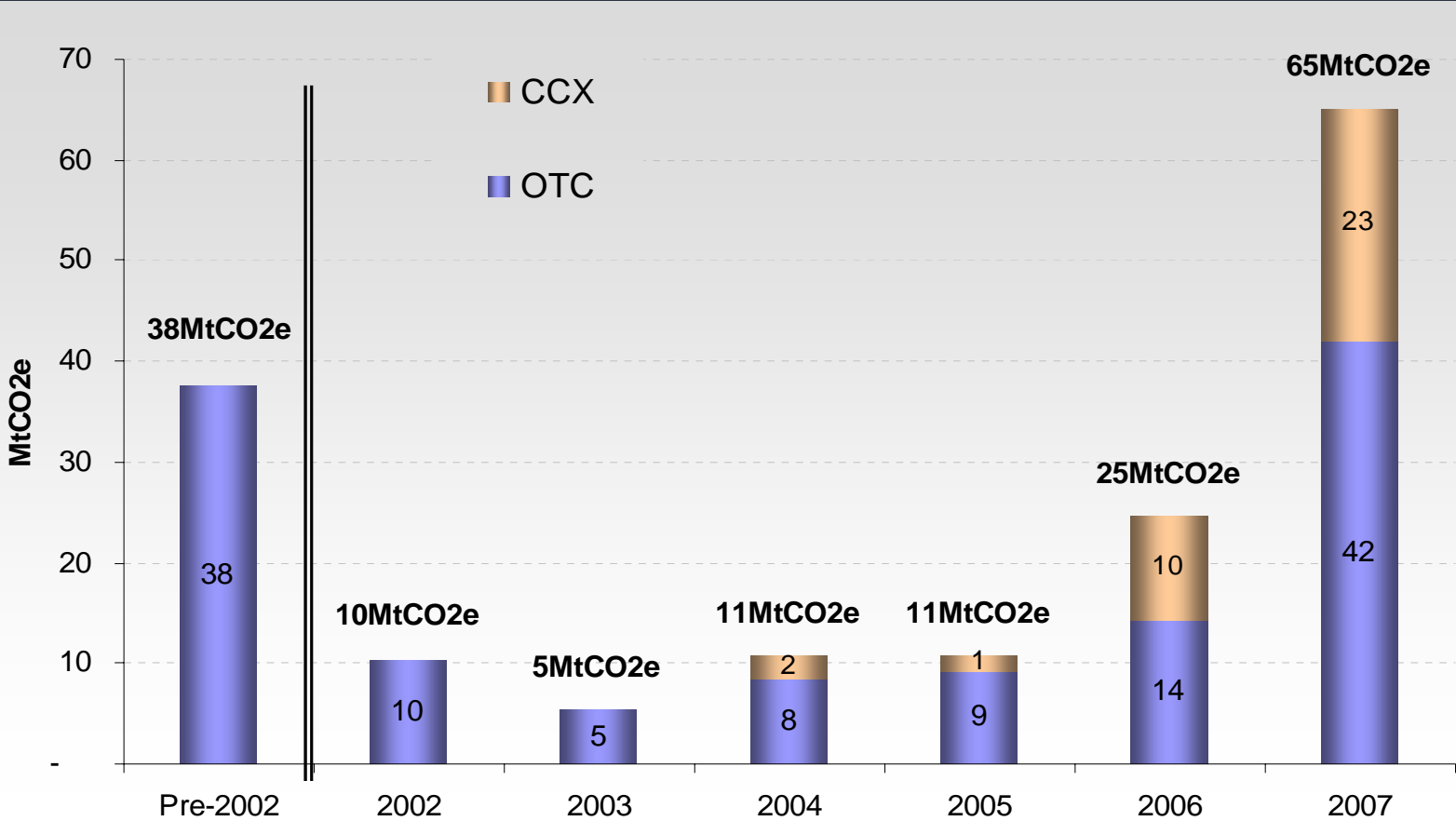
- ▶ Is currently the most global market as a result of Kyoto Protocol, European Emissions Trading
- ▶ EM info on carbon markets:
 - ▶ Non- Kyoto carbon markets
 - ▶ Voluntary carbon markets
 - ▶ Evolving US carbon markets
 - ▶ Markets for biological carbon sequestration



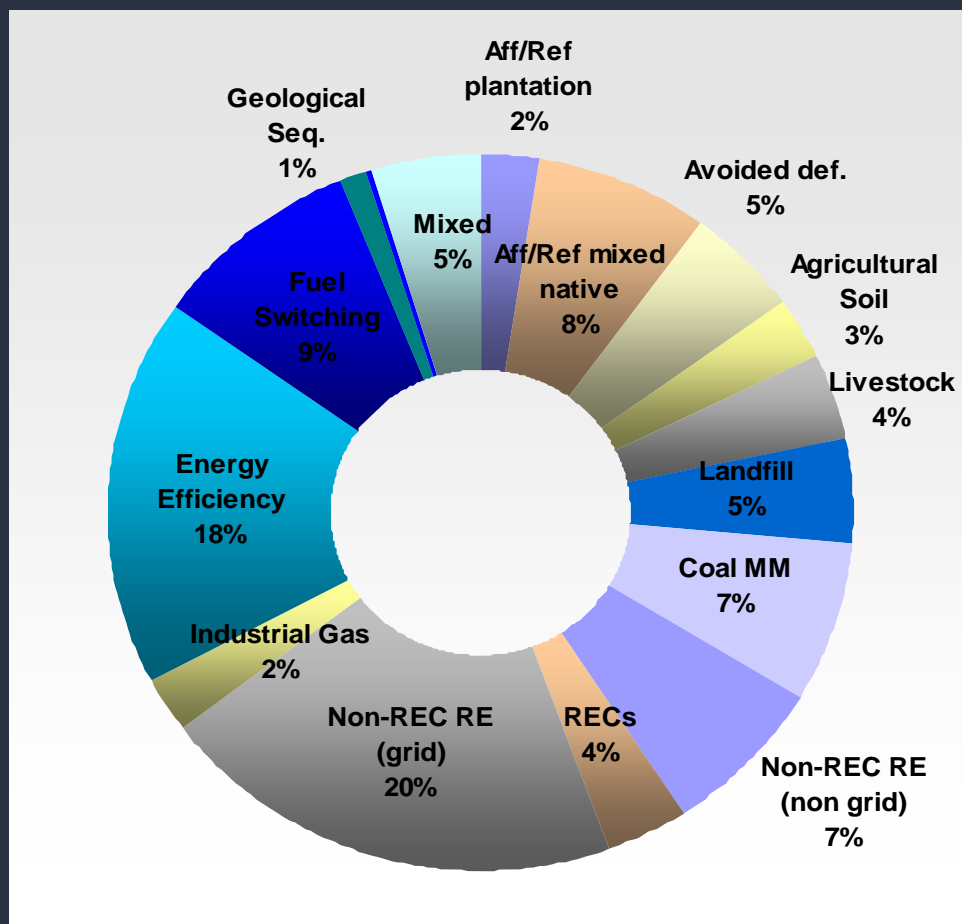


Source: New Forests/Ecosystem Marketplace,
World Bank

Size and Growth



Project Type



Tree Huggers: Voluntary Carbon Markets Embracing Forestry

- ▶ Can potentially avoid CDM cost hurdles
- ▶ Space for innovation & testing methodologies
- ▶ Demand for “Charismatic Carbon” in voluntary markets
- ▶ Forestry easy for consumers to understand
- ▶ But....



Lessons from the Carbon Markets for emerging PES programs....

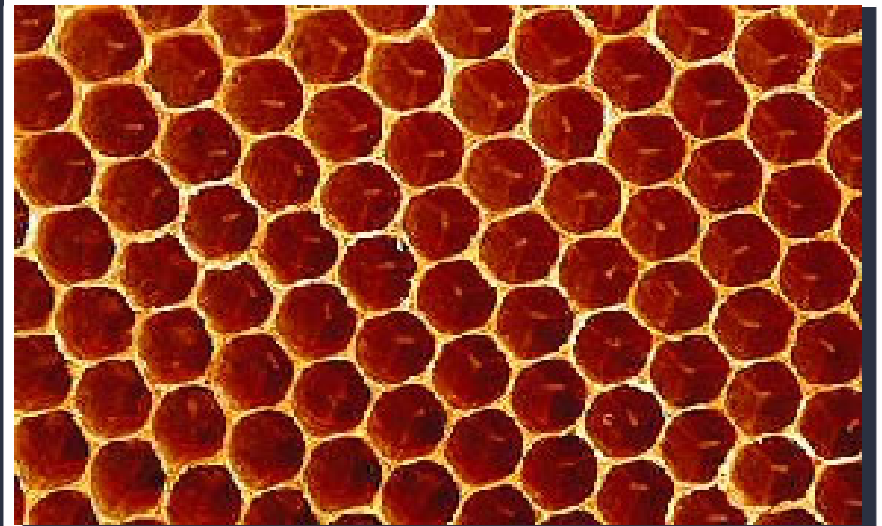
Finding a Driver

- Voluntary markets creating new “mental models” or public relations approaches
- Ex. Carbon foot printing = Wal Mart’s Acres for America program
- Tool for education



Managing a Market

- A demand for real, measurable benefits
- Creating standard methodologies and registries to track units
- But balancing that need with transaction costs...



Blazing Trails...

- Voluntary markets potential incubators
- Early movers can reap huge rewards, but...
- Testing new ideas challenging and often risky
- Flux in market difficult





General Trends

- Most markets still difficult to track
- Innovation across the globe
- Government, private sector, public/ private (demand & supply)
- Interest from investors not only carbon but also water & mitigation banking

