

**PARTNERSHIP AGREEMENT
BETWEEN THE
UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES CONSERVATION SERVICE
AND THE
UNITED STATES DEPARTMENT OF THE INTERIOR
FISH AND WILDLIFE SERVICE
AND THE
ASSOCIATION OF FISH AND WILDLIFE AGENCIES**

I. PURPOSE

To promote a long term working relationship between the U.S. Department of Agriculture, Natural Resources Conservation Service (NRCS), the U.S. Department of the Interior, Fish and Wildlife Service (FWS), and the Association of Fish and Wildlife Agencies (AFWA) on collaborative efforts to explore, and where appropriate facilitate the establishment of, viable habitat credit trading markets that will result in net conservation benefits for listed and other at-risk species.

Goals: NRCS, FWS, and AFWA have established the following partnership goals:

- To express mutual commitment to evaluate habitat credit trading as a tool available to all non-Federal partners including private landowners, State and local agencies, and tribes to conserve listed and other at-risk species;
- To develop an operational definition of “habitat credit trading” and establish habitat credit trading standards that are in accordance with agencies statutes and regulations;
- To identify NRCS, FWS, and AFWA programs that are appropriate for habitat credit trading and explore ways in which these agency programs can use habitat credit trading; and
- To develop and support one or more habitat credit trading pilot projects.

Implementation: We plan to achieve our goals by fostering a spirit of teamwork between our organizations at all levels. We will meet in partnering sessions as needed and convene regular conference calls to ensure we are achieving our goals. This partnership agreement does not commit NRCS, FWS or AFWA to fund particular initiatives.

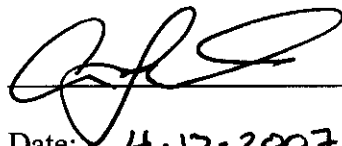
Effective Date: This Agreement is effective when signed by all parties and should be reviewed annually to renew our commitment and consider needed changes. This agreement may be modified or amended only through the written agreement of all parties. Any party may terminate this agreement by providing a 30-day notice to the other parties.

Limitations: This Agreement does not create any right or benefit, substantive or procedural, enforceable by law or equity against NRCS, FWS or AFWA, their officers or employees, or any other person. This Agreement does not direct or apply to any person outside of NRCS, FWS and AFWA.

Appropriate Official

United States
Department of Agriculture

ARLEN L. LANCASTER
Natural Resources Conservation Service




Date: 4.17.2007

Appropriate Official

United States
Department of Interior

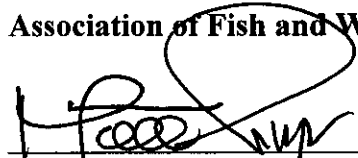
DALE HALL
U.S. Fish and Wildlife Service



Date: 4/13/07

Appropriate Official

MATT HOGAN
Association of Fish and Wildlife Agencies



Date: 4.13.07

Attachments

cc: 3238-MIB-FWS/Directorate RF
3242-MIB-FWS/AES RF
420-ARLSQ-FWS/AES RF
420-ARLSQ-FWS/AES (DMead)

FWS/AES/DCHRS:DMead:bag:703-358-2106:04/03/07:S:\BCH\NRCS\Habitat Credit Trading\Final Package\NRCS-FWS-AFWA_Partnership_Agreement.doc
DCN# 030478
Revised:VCampbell:bag:04/12/07

**PARTNERSHIP PRINCIPLES
TO ACCOMPANY
PARTNERSHIP AGREEMENT
BETWEEN THE
UNITED STATES DEPARTMENT OF AGRICULTURE
NATURAL RESOURCES CONSERVATION SERVICE
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I. BACKGROUND

- A. The U.S. Department of Agriculture, Natural Resources Conservation Service (NRCS), provides technical and financial assistance to private landowners, State and local units of government, tribes, and other Federal agencies through a partnership effort to conserve, maintain, and enhance natural resources and the environment.
- B. U.S. Department of the Interior, Fish and Wildlife Service (FWS), exercises jurisdiction with respect to the conservation, protection, restoration, enhancement, and management of fish, wildlife, native plants, and habitat pursuant to various Federal laws, including the Endangered Species Act, 16 U.S.C. § 1531 et seq., the Fish and Wildlife Coordination Act, 16 U.S.C. §§ 661-666c, and the Fish and Wildlife Act of 1956, 16 U.S.C. § 742(f) et seq., which provides a basis to explore the potential for habitat credit trading.
- C. The Association of Fish and Wildlife Agencies (AFWA) is an organization that represents the collective state fish and wildlife agencies' interests in the conservation and management of fish, wildlife, and their habitats. The Association's mission is to protect state jurisdictional authority and support provincial and territorial authority for fish and wildlife conservation; promote sound resource management; and strengthen Federal, State, territorial, and private cooperation in conserving fish, wildlife, and their habitats in the public interest. AFWA represents and assists all 50 States and territories in working toward the accomplishment of their individual fish and wildlife goals and objectives.
- D. NRCS, FWS and AFWA (subsequently referred to as the Agencies) believe that market-based approaches, such as habitat credit trading, provide flexibility and have the potential to achieve habitat and environmental benefits greater than might otherwise be achieved under traditional regulatory and voluntary approaches.
- E. The Agencies have responsibilities for implementing policies and programs that encourage habitat preservation, restoration, and creation which are prerequisite to habitat credit trading. Each agency recognizes that the policies, programs, plans, and activities

that are used to implement their respective responsibilities may affect efforts by the other agency to support habitat credit trading.

- F. The Agencies have opportunities to work collaboratively to explore efficiencies and effectiveness of conservation through implementing habitat credit trading programs for listed and other at-risk species across the country. Cooperative efforts can improve resource management and protection; improve public services; accelerate implementation where appropriate; provide better understanding of the Agencies' goals, objectives, and programs; and help minimize conflicts.
- G. Each Agency will bear its own costs and retain full responsibility and authority to execute and accomplish its programs. All commitments are subject to the availability of appropriate funds. Nothing in this document shall be construed as authorizing any agency to provide any goods or services to another agency or requiring that any agency enter into a contract, financial assistance agreement, interagency agreement or otherwise incur a financial obligation.

II. PURPOSE

Habitat credit trading is a market-based approach that the Agencies believe can achieve some species and habitat conservation goals, along with regulatory compliance, more efficiently and at lower costs than traditional approaches. It is similar to carbon sequestration credit trading and water quality credit trading. Examples of habitat credit trading include, but are not limited to, wetland mitigation banking and species conservation banking. Private-sector habitat markets complement existing federally supported conservation efforts by creating market-based conservation for habitat protection and improvement. NRCS, FWS and AFWA collaboration will better ensure that habitat credits produced by landowners are credible, verifiable, and durable, and may be used to offset adverse impacts to listed, candidate, and other at-risk species. The Agencies acknowledge the importance of agreeing on basic elements and principles of habitat credit trading, and intend to work together to increase the viability and sustainability of habitat credit trading markets for listed and other at-risk species conservation purposes that will result in net conservation benefits. The purpose of this Partnership Agreement between the Agencies is to:

- A. Coordinate all Agencies' activities in a manner that promotes the effective use of habitat credit trading as a means to accelerate protection and improvements to the environment and habitat.
- B. Develop and adopt common definitions, common standards and common measurement protocols.
- C. Establish and test a framework for coordination and communication between Agency personnel at all levels.
- D. Identify program and project activities to support the use of habitat credit trading within the context of listed and other at-risk species conservation, including related natural resource issues.

- E. Habitat credit trading will be designed to be consistent with existing policies, programs and regulations.

III. AREAS OF COOPERATION AND MUTUAL INTEREST

Habitat credit trading can provide an alternative approach for regulated entities to comply with regulations, where applicable. Trading allows regulated entities to purchase habitat from willing sellers to offset their impacts to the same type of habitat. Savings in agency staff time and landowner economic incentives, which have been demonstrated by mitigation banking, are key motivators for habitat credit trading. Listed below are areas of cooperation that the Agencies intend to pursue to aid in establishing a viable habitat credit trading market.

Programs and Projects

- Collaborate in developing data and sharing information pertaining to the effectiveness of various conservation practices in protecting and improving habitat for listed and other at-risk species.
- Collaborate in the establishment of programmatic or other umbrella habitat credit trading programs, where appropriate, that facilitate participation by landowners and State and local agencies for listed and other at-risk species.
- Support development of one or more habitat credit trading pilot projects or related market-based projects designed to conserve listed and/or other at-risk species through habitat protection and improvement.
- Include participation of all Agencies in the review process to select NRCS' Conservation Innovation Grant proposals that pertain to habitat credit trading.
- Collaborate in the identification of meritorious habitat credit trading projects for recognition.

Monitoring and Modeling

- Collaborate in the development of methods and procedures to ensure that habitat results are measured and credited in an acceptable and credible manner.
- Develop monitoring and adaptive management strategy for evaluation of habitat to ensure functioning as anticipated in the crediting scheme.

Infrastructure

- Explore the feasibility of developing an information infrastructure that would help advance habitat credit trading through promoting third-party aggregating, brokering, banking, and tracking mechanisms.
- Identify regulatory or administrative barriers that impede the development of habitat credit trading markets and work cooperatively to resolve them, while maintaining protections for listed and other at-risk species' habitat quality standards.

IV. COMMUNICATIONS AND COORDINATION

- Conduct teleconference calls as needed.
- Meet annually to identify habitat credit trading successes and develop goals for the coming year.
- Designate Agency representatives for habitat credit trading and for implementation of this agreement.