A POLICY FRAMEWORK ANALYSING FINANCIAL MECHANISMS FOR INTERNATIONAL CONSERVATION

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Abstract:
This paper outlines a basic policy framework for thinking about how international conservation financing might be institutionalised. It develops two basic alternatives: a) the creation of a more centralised mechanism for matching suppliers of biodiversity lands with those willing to pay for those supplies; and/or b) the creation of symmetric but linked domestic financing mechanisms to enable domestically registered supplies to be matched to transnational demands. The object of the paper is simply to provide some input to an orderly discussion about such mechanisms, and their relative merits.

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There is substantial global demand for the provision of conservation, evidenced by the willingness to pay subscriptions to international conservation NGOs (such as the WWF or Conservation International) and to search for the means of conserving scarce resources (such as the tiger or the African elephant or the Amazon river basin). The states that harbour much of the demanded biodiversity are often times the poorest ones on earth, and so there is significant pressure there for continuing development.

The juxtaposition of these two facts indicates the need to examine policies that might enable these demands for conservation to be matched with the willing suppliers of the same. The objective of such policies would be to channel financial resources toward social and economic development consonant with conservation.

Private actors and agencies are limited in what they can do in this sphere without appropriate legal structures and mechanisms. National property rights regimes cannot span international boundaries. Trans-national codes of conduct for private agents are difficult to monitor and enforce. All demand hinges upon the credibility of the mechanisms used to supply it, and the failure to provide credible mechanisms keeps development moving down conservation-unfriendly channels. Policies must provide the framework by which demand and supply can meet.

These discussions have been broached under the heading of a "Green Development Mechanism" (GDM). A GDM is simply the rubric under which part of the discussion is occurring of such policies that might provide the framework for such financial mechanisms.

There are two primary approaches for this purpose broached here. First, there is the possibility of developing a more centralised financial mechanism (akin to the Green Development Mechanism under the Kyoto Protocol), with an organisation developed for the purpose of matching international demand with international supply. Secondly, a more decentralised possibility is to build a transnational mechanism on top of a best-practice domestic regime, if one were to be adopted widely. In the latter case, there is an important role to be played in the coordination of national legislative patterns so that the regimes adopted across nations are compatible with trans-boundary financial deals for conservation.

1. Elements of Financial Mechanisms for International Conservation

This section lays out the basic schematic of the elements necessary for financial mechanisms to operate at the international level. It provides a basic description of the conflict between conservation and development, and how financial mechanisms might be able to address this. It then describes the fundamental notion of a financial mechanism as providing the base of support for the creation of a market between those wishing to demand conservation and those able to supply it. The conclusion specifies what must be provided for such financial mechanisms to come into existence.
1.1 Case for Financial Mechanisms operating at International Level

The diversity of biological resources is declining at the ecosystem, species, and genetic levels. At the ecosystem level, significant losses are occurring due to human activities. For example, global forest area has been reduced by 40% over the past 300 years, and continues to decline at a rate of 13 million ha per year (FAO 2005). There have also been reductions in mangrove area of 35% in the last 20 years (MA 2005), and a decline in hard coral cover on reefs from 50% cover to 10% over 30 years (Gardner et al. 2003). Rates of species extinction have risen, with 25% of mammals and 12% of bird species threatened (IUCN Red List). Even where species are not lost altogether, reductions in genetic diversity are a serious issue.

There are two key ecological consequences of biodiversity loss. The first relates to declines in ecosystem function, and the second to reductions in the resilience of ecosystems. Through its impacts on ecosystem functioning, as well as the direct provision of tangible and intangible benefits, biodiversity has significant economic value at multiple spatial scales. At the local level, it can provide both productive and consumptive direct use values such as harvests of food and non-food products. The contribution of biodiversity to ecosystem services is often experienced at the national or regional level. These include benefits such as the protection against flooding and water quality improvements provided by intact mangroves or wetlands. Recreation and amenity benefits of biodiversity can be experienced at the local, national or international level, and the values can be considerable.

Although these values of biodiversity are extremely important, they alone do not provide justification for a global mechanism for biodiversity protection. Benefits such as harvests of natural products or recreational activities are private benefits. As such there is scope for capturing them through existing market mechanisms. Public good values that occur at the national level may require intervention, but this can be implemented by national governments. In some cases, trans-boundary agreements may be required for regional ecosystem services.

Global benefits of biodiversity include the value of genetic information, contributions to the provision of global ecosystem services such as carbon sequestration, and non-use values for both biodiversity as a whole and for the preservation of individual species. These represent substantial welfare reductions as biodiversity declines. In addition, the impact of biodiversity on ecosystem resilience constitutes a global public good that is fundamental to life. All of these values also require institutional mechanisms at the global level in order to capture them. As a result, the mechanisms proposed in this report are primarily aimed at capturing global use and non-use benefits of biodiversity, so that these uses are accounted for in local and national level decision-making.

One important feature of biodiversity is that it is not evenly distributed around the globe. Specifically, diversity tends to increase towards the equator, and the most species rich environments are moist tropical forests. These cover 7% of the world’s surface and may hold up to 90% of the world’s total species. Coral reefs and areas of Mediterranean climate in South Africa and southwest Australia also have high levels of biodiversity (CBD 2004). The result of this is that the majority of the world’s biodiversity is located in developing countries.

The immediate drivers of biodiversity loss relate to the destruction of, or damage to, habitats and ecosystems. Habitat conversion for human activities is the largest single driver, while
other important factors include the introduction of invasive species, disease, overexploitation, pollution and climate changes (MA 2005).

All of these underlying drivers are the result of problems of externality, whereby the full social costs of economic activities are not accounted for. Specifically, the private costs and benefits may be those of individual farmers, private firms, or consumers who make use of biodiversity or natural resources. The social costs and benefits, including the costs of biodiversity loss described above, may be experienced at the level of the community, the country, the region or at the global level (Pearce and Moran 1994). The effect of this is that any mechanism for reducing losses of biodiversity must alter the local decision-makers’ land use calculus in order to correct for the divergence between private and social costs associated with particular development paths or individual economic activities.

Biodiversity is a global public good, while conservation has opportunity costs at the local level. Therefore there is a need for mechanisms through which the benefits of biodiversity can be transferred to those who both bear the opportunity costs and who make the ultimate decisions about hosting or investing in biodiversity.

Existing methods for biodiversity conservation at the global level include Protected Areas and project-based funding. Protected Areas can in principle be effective in conserving biodiversity if they have sufficient funding to cover both opportunity costs and management costs. However, in many cases they do not address the underlying incentives faced by local decision-makers, and as a result they are frequently ineffective in practice (WCMC 1992). The problems of ‘paper parks’ arise when funds are insufficient to implement and enforce protected area restrictions. This is of particular concern because management budgets for parks and protected areas across the world are closely associated with national incomes. Developing countries, who host much of the world’s biodiversity, are only able to afford to spend a fraction of that being spent in the developed world (James et al. 1999).

Another existing method of biodiversity conservation involves funding for the implementation of individual projects over a fixed period of time. For example, the Global Environmental Facility (GEF) is an important current source of funding for conservation of the global public goods provided by biodiversity. This provides temporary incentives for refraining from economic activities that damage biodiversity, but does not provide the assurance of additional funds for the indefinite future. The pursuit of an alternative development path requires the creation of stable institutions promising long-term flows of funding to these investments, and a funding mechanism for biodiversity conservation must take this form.

In addition to existing global mechanisms for biodiversity conservation, there are numerous national and voluntary mechanisms. These provide important experiences that can be used for the development of a global GDM. They would benefit from having an international structure put in place that aided their further development, provided regulatory assurance and enabled trans-boundary transfers. It is important that a proposed GDM takes account of these existing instruments, and that it complements and develops them.

1.2 Requirements for Financial Mechanisms
The means for reducing biodiversity loss will necessarily lie in the permanent alteration of the terms of trade between conservation and alternative economic activities, within the decision making framework of the resource hosts. Due to the importance of biodiversity as a global public good, and to the geographical mismatch between the locations of diverse biological resources and many of the beneficiaries of biodiversity conservation, there is a need for a mechanism that can do this at the international level.

An effective institution must provide some manner of assurance of an ongoing future flow of benefits if it is to impact upon the investment decisions of hosts. This is because investment decisions are decisions regarding assets and the anticipated flows regarding them; a host will only deviate from its perceived first-best investment path if the present value of the entire flow of future net benefits from such an alteration would appear to warrant it. Therefore, in order to have a long term impact on decision making concerning the selection of development paths, it is necessary to make an impact on the perceived benefits from alternative pathways into the future, not just at the present time.

In this view a GDM can take any form that will enable: a) the ongoing and continuing transfer of values; b) from the demanders of biodiversity or biodiversity-associated goods and services; c) to those hosts who make the choices regarding assets (usually lands) that are capable of supplying them. Such a mechanism does not currently exist to protect the global values of biodiversity.

1.3 Elements of a Financial Mechanism

A GDM may be thought of as a system that will: a) create a concrete and on-going source of finance for biodiversity; b) generate a well-defined set of suppliers of biodiversity; c) match-up demand and supply in a structured framework; and, d) monitor and enforce this agreement to maintain biodiversity.

a) Demand:

In order to generate transfers to the hosts of biodiversity, sources of demand must be identified and translated into funds for conservation or for encouraging sustainable use. This requires some form of voluntary or regulatory constraint on biodiversity loss. Conversely, activities that damage biodiversity can be constrained. In either event, the idea is to create a constraint which then requires payment of some fee or compensation for its release.

The constraint may relate to all forms of biodiversity loss in all locations. Alternatively, it may be focused on particularly valuable aspects of biodiversity; on the impacts of particular commodities; or on losses resulting from specified activities, such as land conversion or unsustainable resource use.

It is also possible that the asymmetry in biodiversity resources will require that this constraint be negative in some parts of the world, and positive in others. For example, in Proposal 1 in the following Section, developed states start with an obligation to establish more reserves of unconverted habitat, while developing states start with a constraint that allows some amount of conversion of their existing habitats. Payments from developed to developing are then for the purpose of enabling developed states to meet their obligations to establish reserves by paying developing states to do so.
b) Supply:

As well as generating sufficient demand for biodiversity conservation, a GDM must provide a framework through which biodiversity can be supplied. This requires a mechanism for identifying those groups who host biodiversity, and some agreed means of measuring the amounts of biodiversity being supplied.

There are many important issues that must be resolved regarding the appropriate metric for quantifying the biodiversity supplied. It should take into account the variance in biodiversity across ecosystems of varied type and condition. There are also important issues that must be resolved regarding the identity of the suppliers of biodiversity, whether nation-state, local group or property owners.

It is possible that the supply of biodiversity might be organised by public or private entities. Private firms or NGOs could take a role in identifying particular areas that might provide ongoing supplies of biodiversity, and could also identify the mechanism by which biodiversity payments might generate an ongoing supply from that area. Alternatively, states or local authorities might also be the best-placed providers of a supply of biodiversity, as land-use and reserve designation is usually seen as a fundamental matter of state and local authority.

c) Matching Supply and Demand:

A GDM is intended to provide ongoing transfers between demanders of biodiversity, who are primarily located in developed countries, and suppliers, who are primarily located in developing countries. There are important roles to be determined at several levels of governance: local authorities; national authorities; and international agencies.

*Local authorities* have a crucial role to play in a GDM since land use and habitat designation is fundamentally a matter of local concern in most states. Local authorities are usually focused on the issues that matter to most local communities, and local resources are usually seen to be one of these local concerns. Any payment (benefit-sharing) and enforcement mechanism must operate at least in part through local authorities.

*State authorities* have a crucial role to play in both coordinating local authorities’ efforts and also in making determinations regarding overall supplies of biodiversity from that state, and the compensation required. States could play many of the fundamental roles of developing schemes of provision and regulation, and simply list the supplies and contractual terms under which they are available. They might also provide a level of assurance regarding the performance of monitoring and enforcement at local level.

*International agencies* might play a range of roles, from information conduit and exchange to regulatory standards and assurance. To the extent that local and national authorities take on most of the responsibilities, the international role is increasingly one of an exchange that provides information and assurance that the national undertakings are being fulfilled. To the extent that regulatory standards are made more uniform and inter-changeable (in order to ensure that trans-boundary exchanges are possible), then the roles of regulation are undertaken more at the international level.
d) Monitoring and Enforcement:

Monitoring and enforcement is crucial for the GDM to be credible. Biodiversity will be supplied within national boundaries, and so must rely substantially upon national and local authorities. However, if it is compensated through a global mechanism, the certification process must ensure that the terms of any international agreement are met. Effective implementation depends on the credibility of the institutions involved. They must also be capable of enforcing commitments over long periods of time. In the end, effective demand for biodiversity will only be generated to the extent that credible monitoring and enforcement mechanisms are put in place.

The GDM design needs to specify the division of responsibilities between different levels of authority, and indicate how each level is able to enforce the obligations undertaken at the other levels of authority. This might imply that the funding is provided over a longer period of time, but on a period by period basis, dependent upon demonstrated and effective monitoring and enforcement.

It might also indicate that some manner of periodic inspection across levels of governance will be necessary, with built-in checks for withheld payments. Alternatively, it might suggest that particular forms of supplies are provided that are subject to external (e.g. satellite) monitoring.

2. Examples of Policy Approaches to Financial Mechanisms

In order to render the above discussion more concrete, here we set out two examples of institutions that might be able to provide the framework for such financial mechanisms. The first is a more centralised approach, based on a central policy making body where conservation obligations are discussed and agreed. It would require some manner of international cooperation and agreement to create the basic framework for this trading-based approach to occur. It might be created, for example, by means of developing a GDM under the Convention on Biological Diversity that mirrors the CDM under the Kyoto Protocol.

The second approach is more decentralised and recognises that national legislation might be sufficient to create such a financial mechanism, if a sufficient number of states adopted inter-linking legislation that enabled trading to occur between their citizens and agents. This second approach looks at the idea of national legislation that recognises conservation efforts that occur across boundaries.

Both mechanisms are directed to the same objectives, as set out in section 1, but one requires more international cooperation and the latter only more parallel cooperation.

2.1 Tradable Conservation Obligations - A more centralised approach

Description of mechanism:

 Tradable Conservation Obligations (TCOs) refers to a ‘cap and trade’ type of mechanism. Under such a system an aggregate target level of effective global conservation is agreed. Then states are allocated individual quotas of that aggregate target based on some formula of
agreed burden sharing. States must then meet their quota by means of effective conservation within their own boundaries, or by means of acquiring a supply of effective conservation obligations (TCOs) from others. For example, it might be the case that obligations are agreed such that developed countries are initially in deficit, given that they have already converted the majority of natural habitat. Countries with large areas of unconverted land would be “in credit” and would have surpluses of TCOs available for exchange. The trading mechanism allows those with shortages of protected land to purchase Conservation Obligations from those with surplus land available for protection. This will generate a flow of funding from regions that have already developed to currently developing regions. This system might also be joined up with the Climate Change mechanisms, by means of enabling conservation obligations to be tradeable to meet commitments within either or both regimes.

Source of demand:

Demand is translated into financial resources for conservation through a globally agreed commitment by every country to maintain a certain quota of effective conservation (e.g. a particular area of habitat under effective conservation). The tradability of these commitments means that conservation is paid for by countries with initial deficits of protected areas, as they are required to purchase Conservation Obligations from those with initial surpluses. There is also scope for capturing demand from the private sector and NGOs within the TCO mechanism. National governments will be responsible for providing initial transfers of resources; however, if private companies wish to developed additional areas of unconverted land, they will also be required to purchase conservation credits in order to maintain the protected area targets. NGOs may purchase credits in order to generate conservation in excess of the agreed targets.

In addition, other international obligations might provide the impetus for other sources of demand, e.g. to meet climate change protocol commitment to effective forest conservation. It would be possible to segregate conservation obligations into various forms of habitats, some of which would be available for meeting obligations that arose out of other legal settings.

Demand for conservation is expressed through the purchase of TCOs: tradeable conservation obligations. These TCOs might be segregated into different forms or categories that might be tradeable only for specific types of obligations (e.g. specific types of habitat obligations). The TCO is a certificate that represents a quality-assured commitment to effective conservation by the supplier of that particular commitment.

Supply of biodiversity:

Suppliers of biodiversity provide units of the TCOs representative of the effective management of a defined quantity and quality of habitat. These units are supplied by states, but certified on the basis of global standards for biodiversity protection. The state is the legal issuer of the TCO, although the specific agent operating the area (under state supervision) might be public, private or NGO. Existing protected areas can contribute to compliance with national targets or can be sold as conservation credits, provided they are effectively managed. Newly created protected areas can also be introduced to the tradable system. The
international agency is responsible for quality assurance of state commitments, and the maintenance of some level of standardisation across TCOs.

The mechanism is primarily focused on effectiveness in supplying specified quantities and qualities of habitats. However, the specific meaning of a TCO will depend on how ‘effective management’ is defined. There is the potential to include other forms of conservation commitments within the definition, such as a national commitment to effective management spending or a national commitment to specific species protection. These would be matters handled by the international agency in regard to its responsibility for standardising the definition of a TCO.

The total supply of credits is registered at the national level. This register of potential TCOs is then provided to the international agency for placement on the international market.

Matching Supply and Demand:

A key feature of this mechanism is the role of the international agency in supplying some form of international marketplace for matching up the demanders and the suppliers of TCOs. One possibility is that the agency operates a global clearing house for bringing together demand for biodiversity conservation and supply. The GDM Clearing House then lists all quality-approved state-registered TCOs within the Clearing House.

The international agency is also responsible for setting the standards for the trading of TCOs. For example, there may be different categories of TCOs (related to different forms of habitats or commitments) and different exchange ratios between different categories. This is an important feature of the TCO mechanism because all hectares of conserved biodiversity may not be deemed to be of equal value. Instead the value depends on the relative scarcity of a particular resource and the threats to its continued existence. The ratio at which obligations in one country can be met through the purchase of land management contracts in another may be made a function of these relative values. In certain cases, such as for heritage sites, only uni-directional trades may be permitted. The role of the international agency would be to establish the system of TCOs and the committee by which the trades were certified or agreed. It would also be responsible for developing the standards under which state-level registration and supervision of commitments was monitored.

Monitoring and Enforcement:

Supply of biodiversity conservation will be certified and monitored at the domestic level, with oversight by the international agency. Monitoring by the agency is necessary to ensure that the benefits are provided in practice. Certification and monitoring could be carried out by agencies similar to the Designated Operating Entities (DOE) of the Clean Development Mechanism (CDM). These are private organisations that have been accredited by the Executive Board of the CDM. An institution of the CBD could carry out the accreditation role, as well as the monitoring of the DOEs.

Compliance by suppliers is ensured through the threat of withholding annual payments, and enforced by a global Compliance Committee. Enforcing compliance with agreed state targets by the individual states is more difficult. Available sanctions are limited to NGO pressure, loss of political capital etc.
Advantages:

- Potential for significant, ongoing financial transfers for biodiversity protection at the global level.
- The mechanism provides both incentives for reducing land conversion and incentives for conserving land of high biodiversity value.
- A specified quantity of biodiversity conservation is guaranteed (uncertainty relates to price rather than quantity, which is appropriate given the irreversibility of biodiversity loss).
- Biodiversity can be conserved in the locations where the opportunity costs are lowest. At the same time, manipulation of trading ratios can be used to ensure protection of the most highly valued components of biodiversity.
- System is most flexible on account of "currency concept" of TCO, enabling the dovetailing of this system with others such as the obligations for forestation under Climate Change Convention

Potential issues:

- The rates of exchange for different components of biodiversity may be difficult to agree on internationally.
- There will be trade-offs between the allowing exchanges of Conservation Obligations to occur without interference, and avoiding losses of particular components of biodiversity.
- Local communities will be affected by the spatial distribution of protected areas. Those with rights to land will gain from the sale of conservation credits. Those without rights to land may gain from local ecosystem services that are protected in addition to global biodiversity benefits. Alternatively, they may lose potential development opportunities.

2) Offsets with International Support

Description of Mechanism:

There are numerous examples of national and sub-national mechanisms for biodiversity conservation that involve restrictions on development. Increasingly, these provide flexibility through the use of biodiversity offsets in cases where development is unavoidable or particularly desirable. Such mechanisms are becoming relatively common in developed countries. This is because these systems rely on the administrative capacity of the individual state to designate and enforce development restrictions, and to certify offsets for development activity. The objective of an "Offsets Plus" proposal would be to help extend these regimes to developing countries, and to explore the possible mechanisms for providing some linkages between state-level regimes.

The proposed "Offsets Plus" mechanism would provide international support for national or regional conservation activities, aimed at achieving planning based biodiversity management in individual states. A global institution, the ‘GDM Clearing House’, would support the development of national conservation plans in developing countries. These plans specify the areas in which development is restricted, and the priority areas for biodiversity conservation.
Individual countries that agree to implement the plan domestically benefit from the centrally-supplied assistance in doing so.

The GDM Clearing House mechanism might act as a type of “exchange”: a centralised listing mechanism that specifies the minimum standards that must be satisfied for a national programme to be listed on the GDM Clearing House. Then national systems would provide certification and offset programmes at higher levels of certification, monitoring and enforcement in order to secure a listing. This would provide for more diversity of practice and regulation at national level, but the provision of some level of assurance and confidence through international listing.

Source of Demand:

Under this proposal, restrictions on land conversion for development are imposed at the national level. The restrictions may pertain to all unconverted land, or only to land within zones designated as areas of high biodiversity value. In the latter case there is a requirement for mapping and planning to specify the zones in which development is unrestricted; permitted with offsetting; or disallowed altogether.

Financing for biodiversity conservation within this mechanism comes from developers of land in restricted zones. Those who wish to convert land must compensate for the relaxation of development restrictions. This is done by purchasing biodiversity offset credits, generated through conservation activity in other locations.

Supply of Biodiversity:

Private landowners or public authorities (through land use and habitat regulation) supply specific conservation outcomes in specific habitats. One of the primary objectives of the system would be to induce national level authorities to introduce land use planning that includes a biodiversity management target. This targeted level of biodiversity might be specify the retention of certain types of critical habitats, or it might provide for an aggregate level of conservation that is desired across the country. The primary distinction between this system and that of the TCO (see 1) above) is that this is a state-focused conservation regime with linkages, while the TCO regime encourages conservation at the integrated level.

The state concerned would then certify under its own regulations that the offset meets its requirements for listing. The national level regulation may take the form desired by that state, providing for flexibility and experimentation within the system.

Matching Supply and Demand:

In this system all development restrictions are imposed through national legislation. National agencies also have responsibility for certification of offset proposals. For the most part, it is conceived as a standalone national system of internal offsets, with the possibility of linkage and of wider communication.

Some system of zoning would make it more likely to link between different national systems. To this end national regulations could specify what is required to offset development activities by reference to particular zones. In certain zones, like-for-like exchanges may be
required. In other zones, equivalent areas of different habitats may be acceptable. It might be possible that some zones will be designated as unique and unavailable for offset.

The initial role of the GDM Clearing House is to provide information on the different national offset/credit markets. At a minimum this makes it possible for developers to elect to operate in a given state, given information on the status of its current biodiversity management system.

It is also possible for the GDM Clearing House to take a more active role to provide some minimum standards for listing and to provide some measure of comparability between offsets. In this case the GDM Clearing House would provide applying states with a list of agreed principles and guidelines to inform them on the development of a national system. The GDM Clearing House would then also aid in channelling funds to states for establishment of adequate national systems, and would provide over-arching monitoring of the auditing process for ensuring that national systems met their own standards. All of this would be required in order to secure a listing at the GDM Clearing House.

*Monitoring and Enforcement:*

With regard to the nationally established offsets, local communities and stakeholders will carry out local monitoring. This will be supplemented with monitoring at the national level, as well as GDM monitoring for continued listing of the scheme. Enforcement at the national level is achieved through the use of contracts, with bonds to ensure compliance. Enforcement of international standards is based on the potential for de-listing national schemes that do not meet the required standards.

*Advantages:*

- The mechanism builds on existing national conservation programmes and may be implemented incrementally over time.
- Each country can independently determine its priorities for biodiversity conservation.
- Areas of unique or particularly valuable biodiversity can be zoned to prohibit all development. This provides assurance that such areas will not be irreversibly converted.
- Participation in the global mechanism is voluntary, which reduces the need for complex multilateral agreements. At the same time, offsets are mandatory for developers in participating countries, which generates demand for biodiversity credits.
- The mechanism does not have to set exchange rates for biodiversity conservation across national boundaries.

*Potential issues:*

- Reduced role for international transfers, since emphasis is on national level offsets and “no net loss” (indicates importance of linkages and comparability)
- Reduced role for international harmonisation but increased role for national experimentation.

This brief paper sets out a basic policy framework for thinking about how cooperation for conservation across boundaries might be encouraged. There is the option of international cooperation - under the CBD and mimicking the CDM - or national symmetric cooperation - via parallel adoptions and enforcement. Both regimes give an idea of the basics of how such policies might give effect to the demand for conservation across boundaries.

The paper’s particular contribution is to recommend the latter mechanism for further research and discussion. There is substantial experience with national regimes for offsets and planning (US wetlands, Australian bush tender). There is also substantial experience with non-governmental implementation and enforcement of private sector based offsets (e.g. BBOP, IUCN). It would be very useful to consider these experiences with an eye toward the development of model national legislation that might institutionalise the framework for transnational cooperation in this way. Then when sufficient national legislatures adopt the legislation, it would provide the framework for the creation of a credible mechanism for fostering financial transfers for conservation-based development. This method of “model legislation” based international institution building might be the way forward for solving global problems such as biodiversity financing.
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