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EU needs novel policies to halt biodiversity loss



by Marianne Zandersen
Econ Pöyry A.S., Denmark

Innovative market-based mechanisms that compensate and reward action to offset, conserve or improve environmental goods and services are needed in Europe. According to the European Environment Agency's fourth assessment report, Europe is unlikely to meet the Kiev resolution target of halting biodiversity loss by 2010 unless additional policy efforts are made.

Biodiversity is crucial to ecosystem goods and services that provide people with fibre, food and fresh water. It is also essential to regulate and support carbon and hydrological cycles, pest control and pollination, to protect against flooding, and to enhance recreation.

How we value nature has been, and largely still is, reflected in decision-making processes and support schemes favouring management of ecosystems for production of goods over maintenance of services. If biodiversity and related ecosystem services are to be maintained, Europe needs more novel and flexible mechanisms that shift individuals' self-interest towards stewardship of land and sea.

The Kyoto protocol's flexible mechanisms are examples of how market instruments can be created for one type of ecosystem service, namely carbon-cycle regulation. More such innovative carbon financing schemes are likely to develop in tropical and subtropical regions with the decision in Bali in December 2007 to include reduced emissions from deforestation and degradation in future climate change talks.

Flexible market-based environmental policies also exist for other ecosystem goods and services, which could be an inspiration to halt biodiversity losses in Europe.

In the US, compensatory mitigation has been in place since the 1972 Clean Water Act for cases where aquatic resources are lost due to authorised and unavoidable impacts from, for example, urbanisation and infrastructure projects. Mitigation can take place by creating, restoring, enhancing or preserving similar aquatic resources to offset habitat loss elsewhere.

Since the 1990s, third-party mitigation banks have been set up, creating a credit market for various aquatic ecosystems. The credit market ensures mitigation occurs ahead of development impacts because credits are released as standards and requirements are met.

By 2002, there were 219 approved mitigation banks across the US with over 56,000 hectares of banked aquatic habitats.

In New South Wales, Australia, a biodiversity banking and offsets scheme is under consultation until 1 February 2008. The scheme aims to help landowners conserve and manage biodiversity in exchange for government-issued credits, which can be sold to fund site management.

If it wants to halt biodiversity loss and the subsequent increasing vulnerability of habitats to climate change, Europe needs to combine regulation with novel financial incentives to compensate and reward for environmental services.

marianne.zandersen@econdenmark.dk