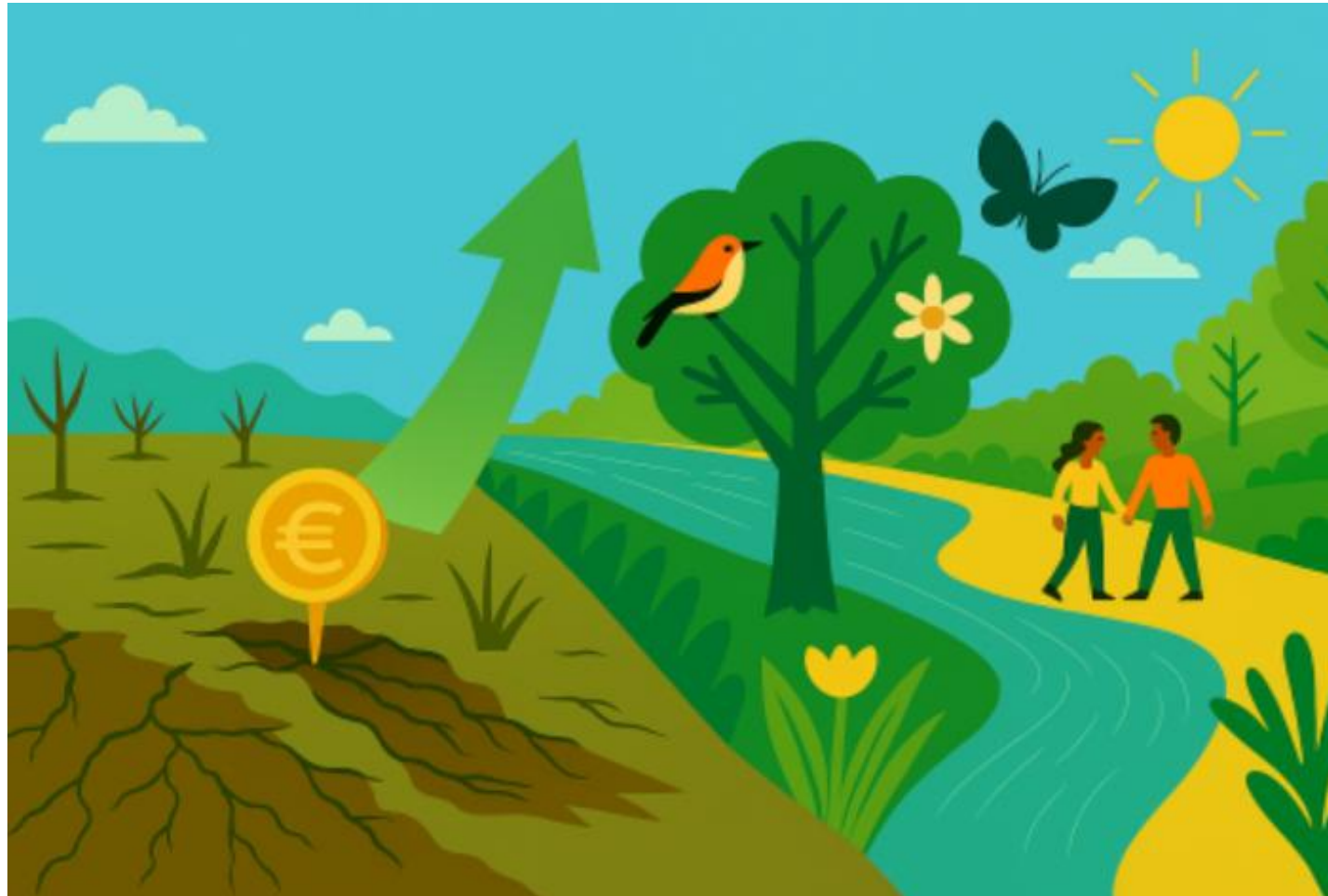


Workshop: gathering your thoughts on some aspects of habitat banking

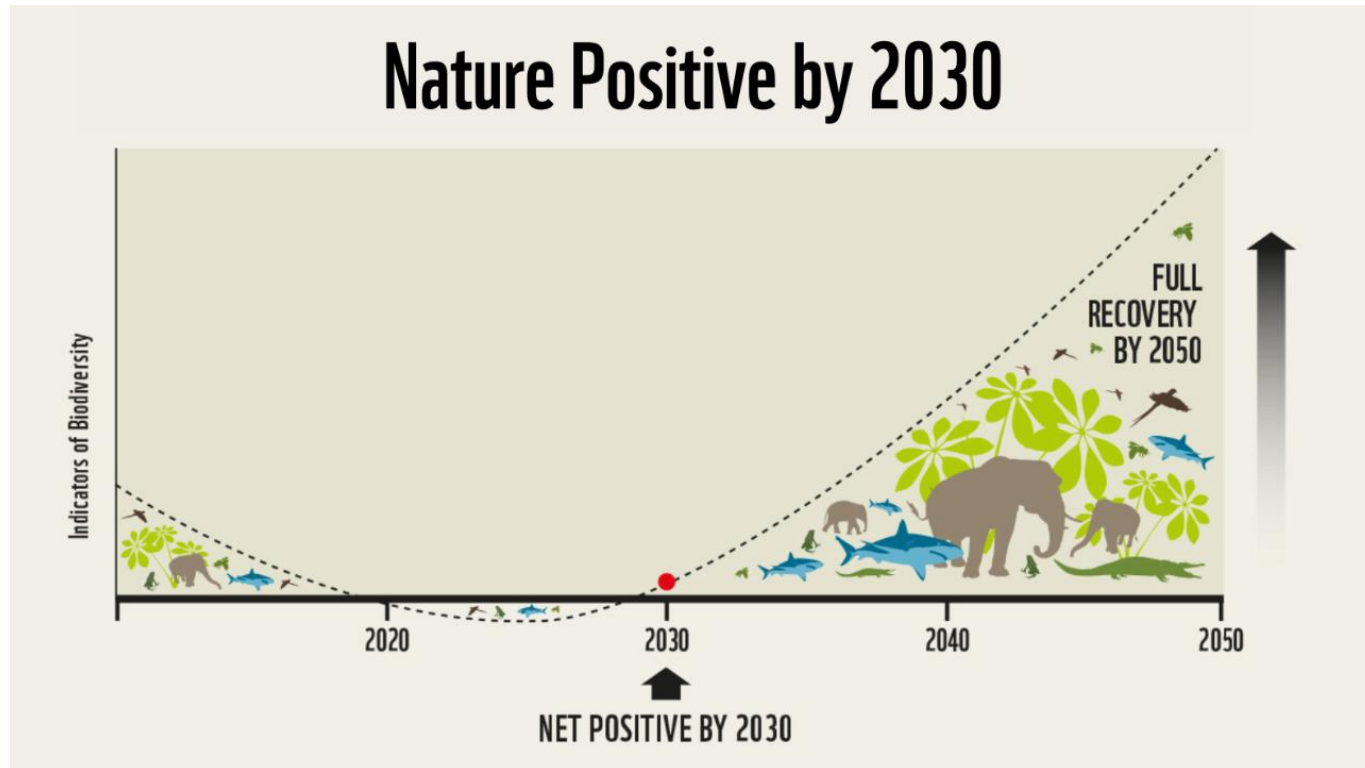


Nature restoration potential by means of habitat banking?

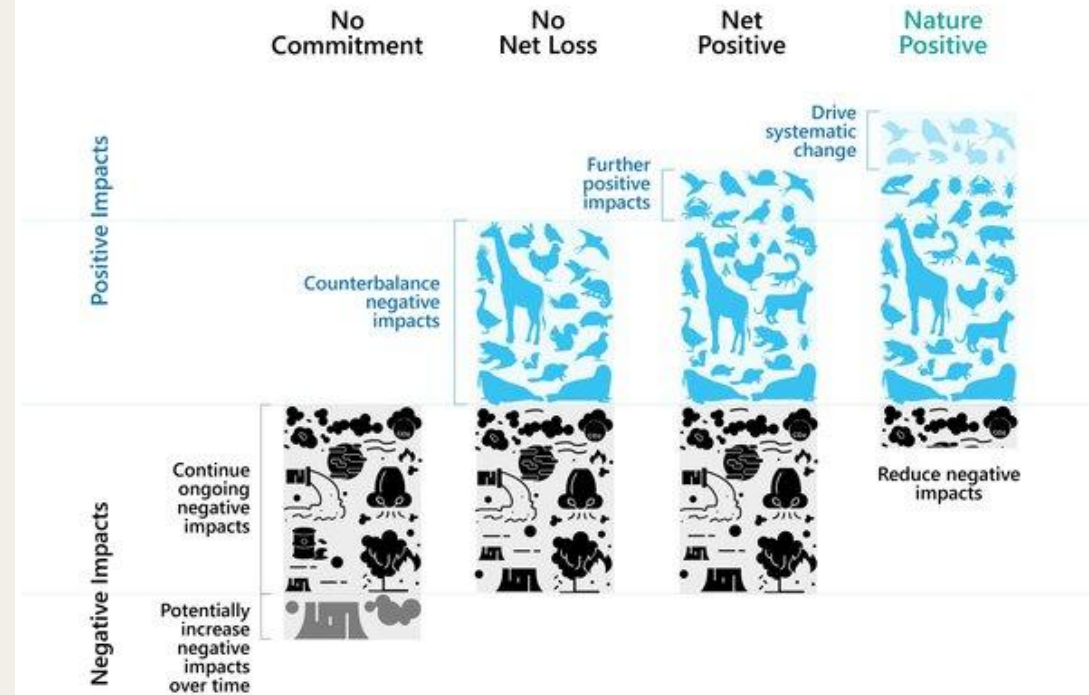
Set-up workshop

- 1h of time
- Focus on your voice
- Volunteer for reporting in plenary? Briefly explain the outcome at the end of the day. Very brief: focus on 3 main points (1 ppt slide or use a flipchart paper or ...).
- Short intro by me: few minutes
- Two discussion topics by you 😊, each with 3 themes:
 - AM: The business perspective
 - PM: Designing Effective Habitat Banking Systems
- Approach: individual post-its session for 10-15 minutes; 40 minutes sharing in group
- Short exit by me: few minutes

Bending the curve: a role for habitat banking?



Nature Commitments and Company Impacts



Defining ‘Habitat banking’

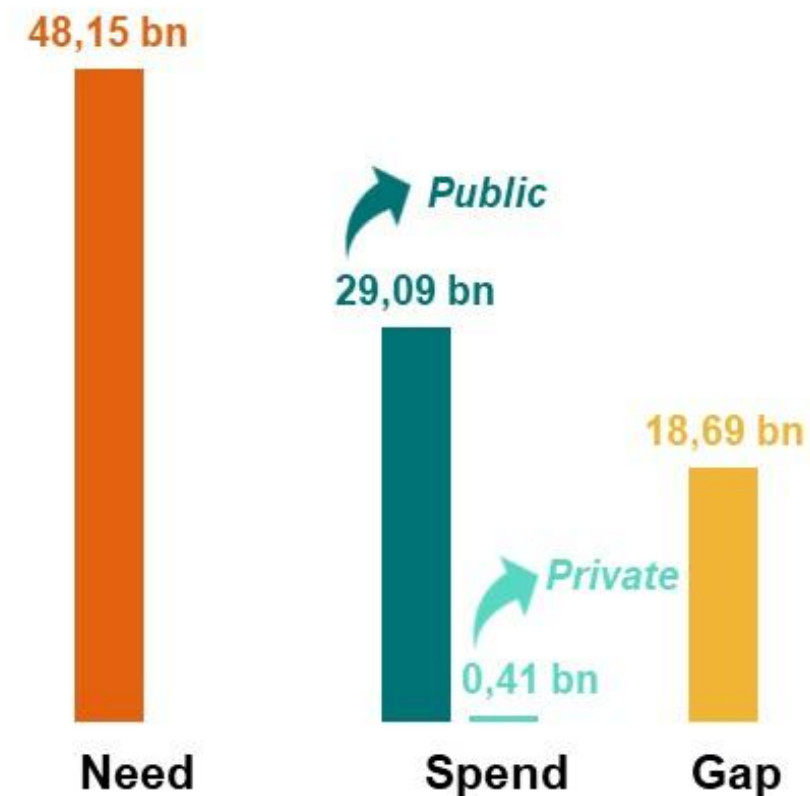
- advance creation and management of biodiversity gains at specific locations
- which are then translated into credits
- that can be used for compensation purposes or for voluntary nature financing

Habitat banking is not a uniform instrument, but rather a family of systems with diverse objectives, legal foundations, and market structures.

The most mature systems are typically linked to regulatory compensation requirements, whereas voluntary nature markets tend to be smaller in scale and more experimental.

At the same time, voluntary and hybrid models highlight opportunities for additional nature financing, particularly when public funding, technical support, and private co-financing are combined.

EU biodiversity finance gap for biodiversity
(Avg. 2021-2030; EUR/year)



Nesbit, M., Whiteoak, K. et al (2022) Biodiversity financing and tracking: Final Report, Institute for European Environmental Policy and Trinomics

Regulatory and voluntary

The **mitigation hierarchy** provides key guiding principles for impact management at the corporate or project level.

- First focus on avoiding any impact
- Then focus on minimizing impact
- Restoration and offsetting of impacts caused by activities is the final step

The Mitigation hierarchy



Target-setting and high-level business action on nature means applying the mitigation hierarchy rigorously. **Nature positive, means going beyond** with a focus on regenerating nature and transforming the business.

Whereas the **mitigation hierarchy** is a more reactive approach to environmental pressures, the **conservation hierarchy** takes a more proactive perspective from the point of view of nature and biodiversity.

	The Reactive Impact Mitigation Hierarchy	The Proactive Conservation Hierarchy
Avoid	Retain woodland patches on project site	Identify areas for protected area expansion
Minimise	Reduce pollutant runoff	Collectively manage polluters to prevent habitat degradation
Restore	Regenerate habitat impacted during construction	Actively restore degraded habitat areas
Offset	Restore and protect habitat offsite	Fund conservation activities in other nations

Topic 1: Business perspective

Why would businesses engage? The **business case** for investing in nature

- What would make nature restoration a credible investment proposition for businesses?
- Which motivations are strongest in practice: compliance, risk reduction, supply chain resilience, reputation, or voluntary leadership?

Barriers to Investment and **Conditions** for Trust

- What currently prevents businesses from investing at scale in biodiversity or habitat restoration?
- What would businesses need to trust a habitat banking or nature credit system?

Enablers for scale: Unlocking Scale: Actors, Support and Market Infrastructure

- Which actors could unlock scale: government, financiers, landowners, NGOs, or corporate buyers?
- What kind of public support or market infrastructure would be needed to move from pilots to mainstream uptake?

Topic 2: Designing Effective Habitat Banking Systems



Value and risk: Where Habitat Banking Adds Value - and Where Risks Arise

- Where does habitat banking create the most value: regulatory compensation, voluntary biodiversity contributions, or hybrid models?
- What are the biggest risks of habitat banking, and how can they be managed?

Ensuring Ecological Integrity and Credit Credibility

- How do we ensure habitat banking supports the mitigation hierarchy rather than replacing avoidance and reduction efforts?
- What makes a habitat credit credible: robust metrics, additionality, monitoring, legal safeguards, or independent verification?

Governance and market design:

- Should voluntary biodiversity credits and compliance offsets be kept strictly separate, or can they coexist within one framework?
- What role should government play: rule-setter, regulator, co-financer, market facilitator, or quality controller?

Insights comparison of habitat banking systems

Across systems, a limited number of design choices consistently emerge as critical determinants of quality and scalability:

- A clear positioning with respect to the mitigation hierarchy and claims (compliance versus voluntary contribution),
- A consistent and transparent currency (e.g. habitat units, species credits, biodiversity points, or bundled packages) that supports ecological equivalence without creating perverse incentives,
- A robust approach to additionality (including the treatment of subsidies),
- Enforceable quality assurance through legal frameworks and financial safeguards, and
- Transparency through registries and credit issuance systems to avoid double counting.

Legally mandated compensation frameworks: United Kingdom, Australia, and the United States

- These systems demonstrate that a legally anchored demand driver can rapidly create scale and market activity
- Strong public governance, robust methodologies, registries, monitoring, and financial safeguards are essential to ensure ecological integrity and legal certainty

Voluntary systems: such as those in the Netherlands, Sweden, Ireland, and parts of Italy

- Generally in early stages of development
- Primarily highlight the importance of trust, methodological clarity, independent verification, and clear rules for claims