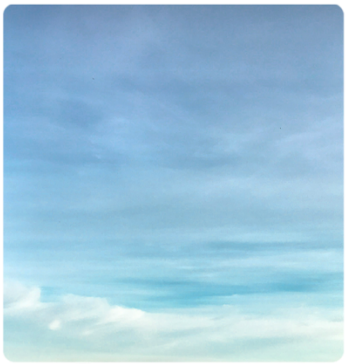
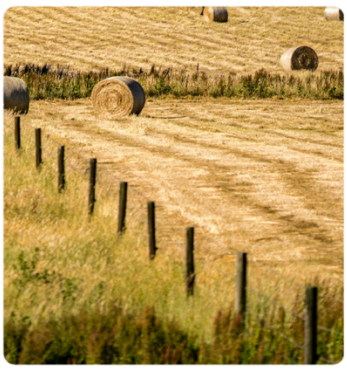


EcoMarkets, Australia

Offsetting for payments for ecosystem services

CLIMATEFIT International best practice factsheet

Case ID: 04



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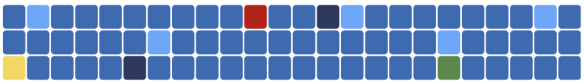

Summary

The EcoMarkets program in Victoria, Australia, provides a financial and business model that addresses climate challenges through a market-based mechanism. Initiated in 2006, the program is designed to incentivize private landowners to engage in land management practices, such as biodiversity enhancement and improved water management. This model allows landowners to earn income by generating tradable credits that reflect the ecological value of their land management improvements. These credits can then be purchased by developers required to offset their environmental impact, thus fulfilling their regulatory obligations.

EcoMarkets effectively addresses the climate challenges of biodiversity loss and the impacts of wildfires by encouraging native revegetation and better land management practices. The program's financial model is self-sustaining, reducing reliance on public funding and fostering private investment in biodiversity. It operates under the regulatory oversight of the Department of Energy, Environment, and Climate Action (DEECA), which ensures compliance and the integrity of the trading system.

The main successes of the EcoMarkets program include the promotion of private funds for biodiversity protection, the creation of a new income stream for landowners, and the establishment of a more streamlined offsetting process for developers. These achievements demonstrate the program's ability to balance economic development with environmental sustainability, making it a promising model for other regions facing similar climate and environmental challenges.

Keywords: credits, PES, EcoMarkets, incentives, land management, developers

Actor(s) interviewed: Biodiversity officer at DEECA

Cover photos: Top photo (Magdalena Love at Unsplash), middle photo (Ram Kishor at Unsplash), Bottom photo (Wai Siew at Unsplash)

Further reading: Innovative Market Approaches- Ecomarkets

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Best practice information card

Table 1. EcoMarkets. information card

Location	Victoria, Australia
Population size	6.681 million (2021)
Project area size	227,444 km2
Area type	Mountains, coastal, rural
Climate challenge	Biodiversity quality loss resulting from wildfires, which is also exacerbated by climate change as shifting temperatures and extreme weather events disrupt ecosystems, leading to habitat destruction and species extinction.
Key Community System(s)	Ecosystems and Nature-based solutions, land use and food systems, water management
Objectives	To incentivize private land owners in Victoria to improve land management for biodiversity protection and native revegetation
Climate challenge solution	The EcoMarkets program emerged as a solution to address the challenge of limited public funding for biodiversity protection. It is a market-based financial mechanism to incentivize private investment in environmental improvements. Landowners who implement practices that enhance biodiversity, such as revegetation projects or improved water management, can earn income by participating in the program. DEECA, which is the environmental agency of Victoria, Australia verifies the environmental benefits achieved by these practices and issues tradable credits reflecting the ecological value generated. Developers whose projects have a negative impact on the environment (e.g., habitat loss) can then purchase these credits through a designated trading platform. This allows developers to fulfil their offsetting obligations mandated by regulations and proceed with their projects. While EcoMarkets programs primarily focus on biodiversity conservation, they can also indirectly contribute to climate change mitigation. Certain land management practices that enhance biodiversity, like planting trees, can also act as carbon sinks, potentially contributing to national climate goals and reducing wildfire risk
Key benefits	Private funds for biodiversity protection, low involvement of public authorities, self-sustaining system
Implementation status	*Ongoing, 2006-present*
Investment volume (€)	NA
Key financing barriers	Limited public budget, fluctuating credit prices, upfront costs from land owners
Financial model	*Offsetting credit program for payment for ecosystem services*
Financial sources	*Private: Project Developers*
Financial instruments	*Results based financing: Payment for ecosystem services*

Overview and timeline

The state of Victoria lies in southeast Australia and is the second smallest state in the country. Victoria is the most densely populated state in Australia, with a population of 6.681 million residents (2021). The state encompasses a range of climates and geographical features: it has temperate coastal and central regions, the Victorian Alps in the northeast, and the semi-arid northwest. Over three-quarters of Victorians reside in the metropolitan area of Greater Melbourne, which is Australia's second-largest city and the state capital of Victoria. Four of Australia's 20 biggest cities (Melbourne, Geelong, Ballarat, and Bendigo) are located here.

Figure 1: Map of Victoria, Australia[1]

The main climate challenges that Victoria deals with are wildfires, both in terms of severity and frequency, as well as sea level rise, even though Australia is a dry continent. Both are significant threats to biodiversity. Another major problem it faces is the large amount of historic clearing of native vegetation for agriculture and urbanization since European colonization. The introduction of exotic plant and animal species, the disruption of rivers, and the disturbance of soils brought about by crop and grazing operations have all significantly altered the landscapes of most of Victoria's lowland regions. Two of the biggest human-induced effects on the environment have been identified: changes in land use and the use of fossil fuels (both mining and burning). Finding a balance between agriculture on private land and environmental preservation is a significant challenge for the government. Since over 65% of Victoria's land is private property, new strategies are required to incentivize and compensate landholders for their active environmental management.

In Victoria, the government only owns roughly one-third of the non-urbanized land. This encompasses parks, reserves, forests, etc. The rest of the land, more than two-thirds, is privately owned. Because of this, a number of biodiversity protection initiatives are targeted towards private landowners. Australia also still grapples with the effects of white colonization, which have caused the clearing of native lands and habitats, the introduction of exotic species, and the clearing of land for agriculture and urbanization. To improve the environmental outcomes of Victoria on private land, the government has regulations that limit or control the amount of native vegetation that can be cleared for human use. One of the mechanisms that exist is the EcoMarkets program, which also encompasses a native vegetation offsetting market. **The EcoMarkets program of Victoria, Australia describes a number of market-based approaches that have been designed and implemented since 2006.** Most of these projects are focused on improving native biodiversity, but some are also focused on reducing carbon emissions. The EcoMarkets program uses three different kinds of models:

BushTender: BushTender aims to enhance the management of native vegetation located on private property. Under BushTender, landholders can nominate their own bid price in a competitive tender and choose a range of actions to protect and enhance native vegetation. This can include adding more native understory plants, controlling weeds and pests, and fencing off native vegetation to keep livestock out. Bids that offer the "best value for money" in terms of biodiversity and native vegetation resulting from the landholder's commitments

[1] Source of map: Maps of world

and the costs associated with the actions are considered successful. Beneficiary landowners are paid on a regular basis as per their contracts with the Victorian Government agencies.

EcoTender: The BushTender strategy is expanded by EcoTender to provide many environmental benefits. Landholder bids are assessed for possible enhancements to river and estuary health in addition to natural vegetation. Landowners are invited to submit bids for contracts under EcoTender in order to provide a number of supplementary benefits, mostly through revegetation and better management of native vegetation on their estates. Activities that provide the community with the best value for money based on ecosystem outcomes, the importance of environmental assets, and cost are included in successful bids. Like BushTender, successful landholders get paid on a regular basis when they fulfill their contractual obligations to the Department of Sustainability and Environment (DSE) or Catchment Management Authorities (CMA) by delivering management actions.

Native Vegetation Credit Market: The Victorian Native Vegetation Credit Market enables interested landholders to generate and exchange natural vegetation credits on behalf of others. By preserving and properly managing residual bushland, landowners can contribute native vegetation credits from their property. This can be achieved by, for example, removing weeds, reducing rabbit populations, and fencing off livestock, among other activities. Credits can also be obtained by conserving scattered paddock trees to promote natural regrowth and by replanting previously cleared ground with locally native species. Credits can also be obtained by placing freehold land in conservation reserves. Credits can then be sold by landowners who have accrued them. Credit buyers include individuals who, in accordance with "like for like" regulations, must offset their clearing in one area by acquiring an off-set credit in another.

This factsheet focusses only on the native vegetation credit market of EcoMarkets. The business and financial model are also focussed on this credit trading aspect. This credit market incentivizes improved land management practices for environmental benefits. Landowners undertake projects and receive credits based on the achieved improvements. These credits can be traded (depending on program design) by developers who need to offset environmental impacts from their projects.

The **Department of Energy, Environment, and Climate Action (DEECA)** of the state government of Victoria serves as the regulator for all the models of EcoMarkets and also sets up the trading rules. It defines how the market operates in terms of how credits are created and sold, and manages compliance and enforcement. **The government does not set the price of the offsets; that price is determined by the suppliers and the buyers' willingness to pay**.

DEECA explored the interplay between a carbon market, carbon investors, and government investments in environmental projects. Governments often prioritize purchasing non-priced public goods like biodiversity, which might not be readily funded by traditional markets. Private markets, such as carbon markets, can emerge to supplement government funding for public goods like biodiversity. The native vegetation credit market exemplifies this concept, where significant carbon funding supports improved environmental outcomes. Through these programs, investors utilize government-funded environmental projects to showcase additional value beyond pure carbon benefits, attracting further investment from shareholders. Disclosure of "nature risk" (environmental risks related to operations) is a growing concern. The credit market also gives incentives to companies to mitigate these risks through investments in environmental areas such as biodiversity protection.

Governance and key stakeholders

DEECA: DEECA is the regulator for native vegetation and biodiversity in Victoria, Australia. The policies and regulations for carbon offsets are determined on a national scale but are implemented by state regulators. The state is also responsible for the regulations regarding the clearing of native vegetation. DEECA works with a range of agencies and stakeholders to protect and preserve Victoria's native landscape through various biodiversity, wildlife, sustainability, climate change, and community programs. In EcoMarkets, DEECA oversees program operation, establishes crediting schemes, defines criteria for credit generation, and ensures program implementation as well as monitoring and enforcement of restoration. DEECA receives funding from the Victorian Government to cover the costs of running the program.

DEECA avoids interfering in how trades or deals are negotiated, which has led to the emergence of some **market brokers**. These brokers assist developers, who often lack experience in navigating the offset market, in finding the credits they need.

Landowners (Suppliers of Ecosystem Services and Credits): Private landowners in Victoria (typically farmers) are heavily involved in the program through the implementation of land management practices that improve environmental outcomes, such as enhancing biodiversity. They earn additional income by selling credits generated through land management changes. The government is also trying to get more indigenous landowners involved in this program.

Developers and Investors (Buyers of Ecosystem Services and Credits): Developers and investors purchase credits to offset the environmental impacts of their activities to achieve various sustainability and environmental goals.

Government of Australia: The federal government sets the offsetting rules for matters of national environmental significance and establishes regulatory bodies responsible for overseeing the offsetting and ensuring compliance. They also set standards for credit issuance and for the monitoring and verification of offsetting projects.

Figure 2 illustrates the general governance of the Credit Trading in EcoMarkets.

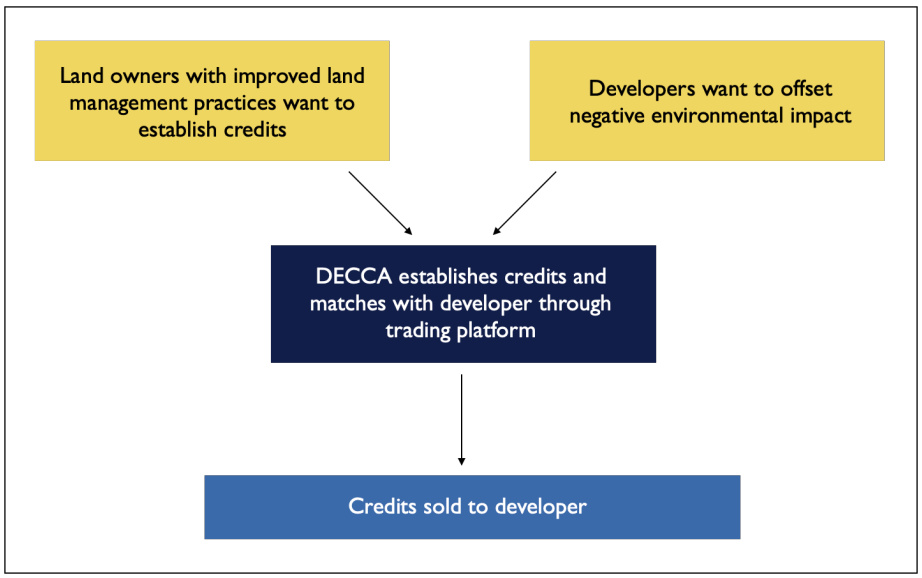

Figure 2: Governance of the credit trading in EcoMarkets, Source: author

Table 2. EcoMarkets. Key stakeholders and their responsibilities or roles

Stakeholder	Type	Role and responsibilities
DEECA	Public	Oversees program operation, verifies environmental benefits from land management practices, and issues tradable credits to landowners. Acts as a market regulator and ensures program integrity.
Landowners	Private	Implement land management practices that improve environmental outcomes. Earn income by selling tradable credits generated from these improvements to developers or investors seeking offsets.
Developers	Private	Offset the environmental impact of their projects by purchasing credits from landowners through the EcoMarkets program. This allows them to comply with environmental regulations and proceed with development activities.
National Government of Australia	Public	Sets national environmental policies that may mandate offsetting for development projects and their impacts on matters of national environmental significance. Provides a framework for the offsetting market through regulations and standards. May introduce alternative offsetting options or collaborate with state governments on program implementation.

Business model & financial model

Business model

Before the EcoMarkets Program was officially implemented, DEECA ran **extensive pilot trials** for all models (BushTender, EcoTender and Credit trading market). In these trials, DEECA included scientists who developed metrics for complex biodiversity measurement, economists who shaped the market design, legal experts who ensured contracts were sound, communication specialists who promoted the program, and engagement experts who understood stakeholder needs. By designing with the end users in mind, DEECA increased the program's potential for success.

Once the program design was finalized, DEECA transitioned to standard project implementation procedures. **This involved developing a project plan with clearly defined steps, resource allocation, milestones, and reporting mechanisms.** Internal governance ensured project activities remained on track, risks were addressed, and progress was communicated effectively. Several legal considerations arose during implementation. Landowner agreements and contracts were crucial, with some requiring registration on land titles. Victoria's land registry system ensures formal and legal ownership transfers. DEECA had to navigate these steps to ensure secure agreements. For the credit trading program, DEECA established a trading platform, which required Information Technology considerations to design a system for tracking cases over time, enabling participant and public reporting. From a government perspective, regulatory processes were necessary. Offset market funds paid by developers were held in trust by the government and distributed to landowners according to contracts. DEECA, as the regulator, played a key role in managing these financial aspects.

Engaging various experts proved essential. Legal and financial expertise was crucial alongside input from stakeholders. In Victoria's offset market, key stakeholders included developers (urban, residential, agricultural, mining, infrastructure, and renewable energy) and landowners. DEECA ensured the program catered to both "demand" (developers' needs) and "supply" (landowners' needs). The program's integrity was paramount, but user-friendliness for both developers and landowners was also a critical focus.

To participate in the credit trading market of EcoMarkets, **developers or private landowners who have to clear native vegetation must first demonstrate that the emissions are unavoidable and cannot be minimized.** They also have to show the steps taken to either avoid or minimize the emissions. Once they have demonstrated these steps, they still need to offset the clearing of native vegetation on their property to compensate for the losses in vegetation and biodiversity. Private landowners can establish offsets on their property through improved management of remnant vegetation or through revegetation or restoration. In EcoMarkets, the developers are then matched with private landowners who are willing to sell credits.

In order to monitor the quality of the environment and judge the relative dollar value of potential improvements to the land, DEECA uses mapping techniques in which the Victorian landscape is mapped onto a fine-scale 75 x 75 m grid system. Predicting the effects of any land management intervention or combination of actions at the catchment scale is made possible by this understanding of the distinctive features of any given area in the landscape. For example, adding native plants to a stream's bank can improve the habitat for local wildlife and plants, filter runoff water to prevent harmful fertilizers and sedimentation from entering the stream, and ultimately sequester carbon. However, water used for this revegetation may also be taken up downstream for consumptive uses or by aquatic plants and animals.

Landowners determine the price of each credit based on the ecosystem services they are offering and the likely demand in the market. Developers and landowners are responsible for negotiating the final price. A credit can only be used as an offset once.

The core team of DEECA consists of **six staff members**, primarily focused on program administration and the trading platform. Additional field staff conduct site assessments, monitoring, and compliance activities. The program itself is relatively small, reflecting the primary regulatory goal of minimizing native vegetation clearing. **The credit trade market is also relatively small, with annual trade volumes between 20 million to 30 million Australian dollars.** Developers typically purchase this amount in credits each year. The entire program costs roughly 1 million Australian dollars per year for DEECA to run. They receive this funding from the Victorian State Government.

The **key beneficiaries** of this trading market are the landowners, developers, and the government. The landowners receive financial benefits for undertaking land management practices that benefit biodiversity. Developers benefit from this program since they need to offset their negative impact on native biodiversity, and the credit trading market provides a streamlined process to do so. The government of Victoria benefits from the program because the credit market creates an opportunity for developers to pay for biodiversity protection, thus reducing the financial burden on the government. The entire EcoMarkets program (including BushTender and EcoTender) aims to provide many environmental values such as biodiversity enhancement and protection.

Financial model

The credit trading platform of EcoMarkets can be interpreted as a form of **Payment for Ecosystem Services (PES) instrument**. PES schemes[2] are market-based instruments that aim to compensate landowners or managers for providing ecosystem services. These services are the benefits humans derive from nature, such as clean water, flood control, carbon sequestration, or biodiversity. PES schemes offer a promising approach to promoting sustainable land management and environmental conservation by creating a market for the valuable services provided by healthy ecosystems.

The credit trading market of EcoMarkets focuses on ecosystem functions provided by native biodiversity and aims to compensate any loss done to native biodiversity. Like many PES schemes, this credit trading operates on a market-based approach and facilitates the trade of credits. Landowners can undertake activities that generate credits, which can then be sold to developers who need to offset the environmental damage caused by their projects. However, this market is not a textbook example of PES. PES projects typically involve direct payments for ecosystem services, whereas the credit trading market relies on ecosystem services being traded as credits (see Figure 3).

The credits represent the ecosystem service that is being traded. Landowners who implement approved projects receive credits based on the verified environmental improvements achieved (e.g., increased biodiversity, improved water quality). These credits represent tradable commodities.

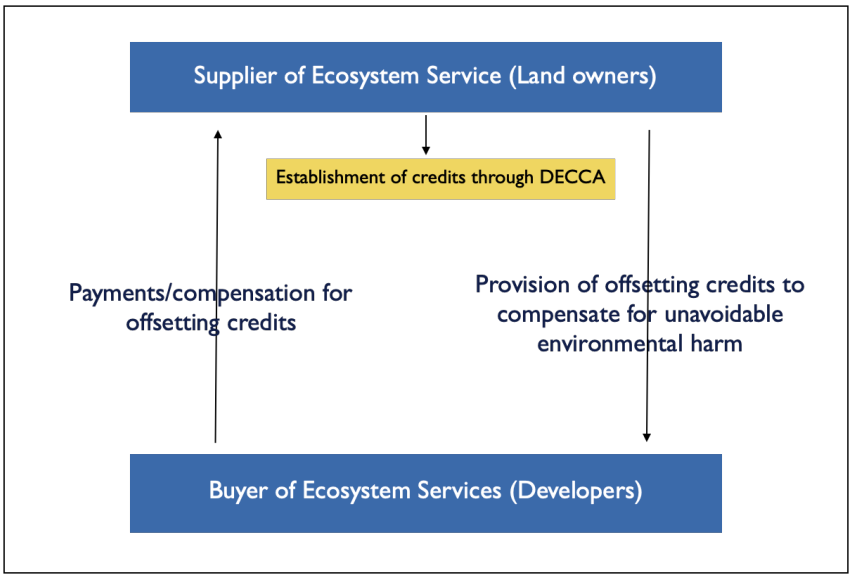

Figure 3: Financial model of Payment for Ecosystem Services in EcoMarkets. Source: Author

The financial model aims to be self-sustaining, with landowners earning income from credits and developers or investors paying for offsets. The program operates based on supply and demand, with market forces determining the price of each credit. Landowners benefit by earning income from credit sales, while developers can streamline the offsetting process required for their projects.

Landowners also need to consider the tax implications of income generated through trading credits in EcoMarkets participation. While DEECA cannot provide tax advice, landowners are encouraged to seek guidance from qualified tax professionals. External factors beyond landowners' control can pose significant risks. Natural events like bushfires, droughts, or floods could damage or destroy revegetation efforts. Landowners generally factor in these risks when proposing the value of the credits.

Enabling conditions

The credit trading program of EcoMarkets was created because of both **policy and political needs**. There was already a pre-existing regulatory policy aimed to achieve no-net loss of native vegetation from permitted clearing. While this policy created a demand for offsets, the supply of available offsets was limited. This imbalance placed pressure on infrastructure developers and others who needed offsets to proceed with

[2] Payment for ecosystem services (PES) is a type of market-based instrument that is increasingly used to finance nature conservation. Payment of ecosystem services programmes allow for the translation of the ecosystem services that ecosystems provide for free into financial incentives for their conservation, targeted at the local actors who own or manage the natural resources. These programmes have been increasingly established across the globe in the last few years. Source: IPBES

projects that could clear native vegetation. However, there was a perception that environmental laws, including the no net loss policy, were hindering economic progress. DEECA recognized the need to increase the supply of offsets to meet existing demand while ensuring environmental protection remained a priority and core principle. **The EcoMarkets program thus addressed a policy gap and navigated a political need to balance economic development and environmental sustainability.**

The current Victorian legislation establishes basic rules for land management, including weed and pest control. Landowners also retain certain use rights, such as grazing livestock or removing trees for personal use. However, these regulations alone are insufficient to address Victoria's biodiversity decline. While they establish minimum requirements, the historical impact of habitat loss (58% of Victoria cleared since colonization) and the ongoing challenges of managing weeds and pests necessitate a more proactive approach. Furthermore, actively restoring lost habitat goes beyond the scope of legal requirements and includes significant monitoring and enforcement functions, which present operational difficulties on private land. DEECA recognized the need to incentivize landowners to actively manage and restore their land for biodiversity benefits and thus introduced the EcoMarkets model. DEECA's experience highlights a persistent challenge for environmental programs: securing adequate budgetary resources. Environmental issues like biodiversity decline have struggled to compete for government funding against priorities like education, health, and infrastructure.

However, since the climate and biodiversity crises have become a bigger priority internationally, countries like Australia have also had to prioritize these issues, increasing the funding to some of these programs. Since the government was not fully equipped to tackle these issues on its own, DEECA is investigating the role of private investment in contributing to environmental outcomes and the mechanisms required to enable this. **Thus, Victoria's existing land management laws and the demand to develop a market-based mechanism for biodiversity protection enabled DEECA to create this platform.**

DEECA's experience shows the role of collaboration and program design in achieving success within a governmental context. **Support from political leaders enabled both the creation and the implementation of all models of EcoMarkets**. DEECA got this support by demonstrating the value of innovative environmental schemes through the practical implementation of pilot trials. Pilot trials were a valuable strategy for initiating programs. They allowed for a level of commitment while also demonstrating that where unforeseen challenges might arise, risks could be understood and mitigated. This flexibility was crucial in a risk-averse government environment. DEECA emphasized the importance of robust program design and stakeholder engagement.

Landowners participating in EcoMarkets programs have some concerns. One key concern is the cost of implementing new management practices. Landowners may not fully comprehend the true cost of activities unfamiliar to them, such as revegetation projects, compared to their existing practices (e.g., wheat farming). DEECA actively mitigates this risk by encouraging landowners to seek professional advice from experts in the private sector and its partners.

Outcomes

The interviewee emphasized that the trading market of EcoMarkets exceeded their initial expectations of success. They attribute this positive performance to both landowner enthusiasm and high participation as well as low program administration costs. This is important because environmental regulation is often met with resistance from stakeholders like developers who have to comply with regulatory requirements. Regarding the efficiency of this model, it does not require a significant budget or staff resources from DEECA's side.

The interviewee also states that the program has been well-received by all stakeholders. Landowners have benefited from new income opportunities, while developers do not face any significant issues acquiring offsets. The establishment of credits has also increased funding in regions with lower economic output. Landowners have an additional income stream, providing financial stability, especially in times of drought and fluctuating commodity prices. As long as landowners fulfil their contractual obligations, they have a steady income stream. The interview did not explicitly discuss the environmental outcomes of this trading market, except for the environmental benefits that native biodiversity protection offers and the reported improvement in native biodiversity. Online sources also do not specify the outcomes of these measures.

The program has also been aiming for broader inclusion. Traditional owner groups are increasingly participating through corporations they establish, allowing them to benefit financially by providing services like running plant nurseries. These developments represent positive steps towards reconciliation with Indigenous communities.

Lessons learned

Successes and limitations

The source of information in this section is the stakeholder interview.

There have been **concerns about such markets crowding out volunteerism**. However, since the market itself is not very large, it has not posed a big concern as of now. Several environmental volunteer programs in Victoria run on private land, and DEECA has not noticed a drop in membership or activity.

One of the major challenges associated with EcoMarket credit trading lies in the concept of **like-for-like offsets**. This principle states that developers clearing a specific habitat type must compensate by providing an offset of equivalent ecological value. However, suitable offset areas may not always be readily available. This can occur when the cleared habitat is rare or unique, raising questions about the appropriateness of the development project itself. DEECA tries to mitigate this risk by ensuring that developers applying to EcoMarkets can prove that the damage to the ecosystem was unavoidable. However, in some cases, such as large-scale government projects, development may proceed despite these concerns.

Within Australia's native vegetation offset market, the like-for-like replacement rules prevent the devaluation of offsets by trading highly threatened ecosystems for common ones. However, climate change introduces a new layer of complexity, which the government has started addressing. To address this challenge, DEECA predicts which Victorian landscapes and habitats are most at risk from climate change. This information will then inform the development of trading rules for offsets, prioritizing resilient systems for restoration. Furthermore, revegetating cleared land offers an additional benefit through carbon sequestration.

Furthermore, recent developments in national offsetting policy at the Australian Government level introduce **compensation payments as an alternative option. Under this approach, developers can pay a sum of money instead of directly providing an offset. This raises significant concerns.** The risk of finding suitable offset-generating projects then falls to the government, with no guarantee of success or even sufficient funding available. A similar program in New South Wales, a state which lies north of Victoria, has been heavily criticized by the Auditor General for accumulating developer funds without being able to secure the required offsets due to limited availability. This situation creates a potential vulnerability. The development industry may lobby policymakers to favour compensation payment models if offset supply remains challenging. While Victoria has so far resisted this shift, the pressure to find alternative models due to perceived limitations on development could intensify.

For developers, there is the concern of **potential overpayment for offsets**. The relatively small market size and the specific nature of offset requirements can limit competition, potentially leading to inflated credit prices. However, for large infrastructure projects, the cost of offsets typically represents a minor fraction of the overall project budget. The biggest concern for developers is the delays caused by securing environmental approvals, making them willing to pay for offsets to expedite the process.

DEECA also faces the challenge of landowner default on project agreements. In such cases, DEECA has to find alternative offsets to fulfil the developer's obligations, as approvals may already have been granted. While contracts allow DEECA to terminate agreements and re-invest the funds in suitable alternative offsets, the more frequent such defaults become, the greater the risk. This is because finding suitable replacement offsets can be challenging, potentially jeopardizing the program's long-term effectiveness. DEECA mitigates this risk through contractual safeguards and careful program management.

Transferability conditions and potential

Territories that are seeking to implement a program like EcoMarkets should consider the following:

1. **Building Market Integrity and Trust**. For a successful EcoMarkets program, a robust and trusted market environment is essential. This requires:
   - **Legislative Framework**: Legislation establishing clear rules for program operation, including monitoring, reporting, compliance, and enforcement mechanisms. In Australia, there is a clear framework that dictates ownership of land, rules for offsetting and credit trading, etc.
   - **Public Reporting**: Regular reporting on program activities to instill confidence among the community and market participants.
   - **Transparency**: Clear and consistent rules to minimize risks associated with changing regulations or unexpected challenges.
2. **Scientific Basis and Measurable Outcomes**. It is important to have technical expertise in the implementation of the program. Developing methods to quantify environmental benefits accurately is crucial, but the process shouldn't be prohibitively expensive. Striking a balance between scientific robustness and cost-effectiveness is key.

3. **Information Technology Systems**. Efficient and user-friendly IT systems are also important for program operation. These systems should streamline data collection, recordkeeping, and overall program administration.
4. **Stakeholder Engagement**. Understanding the motivations and needs of all program participants—landowners, developers, investors, and others—is crucial for designing a user-friendly and efficient system. Complexity should be minimized for ease of engagement.
5. **Lessons from Successful Programs**. The emergence of programs like EcoMarkets around the world suggests their potential for successful implementation (like the Wetland Mitigation Banking Program discussed in Factsheet ID17). However, the experience with carbon markets shows that if they are not established with robust safeguards, such markets can quickly lose public trust and effectiveness. The positive experience in Victoria, Australia, demonstrates that well-designed EcoMarkets programs can be adaptable and function effectively across diverse ecosystems and landowner groups. This success underscores the importance of:
    - **Engaging the Right Experts**: Involving individuals with relevant expertise in program design is crucial for achieving robustness.
    - **Investing in Design**: Dedicating sufficient time and effort to program design, informed by the right stakeholders, is essential for long-term success.
    - **Adaptability**: Programs should be designed with a degree of flexibility to accommodate different circumstances and future challenges.

By following these principles, policymakers can increase the likelihood of establishing EcoMarkets programs that deliver lasting environmental benefits while fostering trust and confidence among all stakeholders.

Related factsheets

This factsheet shares similarities with the Groenfonds (ID06), WBMP (ID17) and EAPP (ID20). The trading mechanism of EcoMarkets is most similar to the WBMP (ID17).

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