

Breakout 1A: Ecosystem Services Markets: Boom Or Bust? Where To From Here?

Panelists:

- Bobby Cochran, Willamette Partnership
- Tim Gieseke, Ag Resources Strategies, LLC
- Tracy Stanton, Ecosystem Marketplace
- Moderated by Sally Duncan, Institute for Natural Resources, Oregon State University

Abstract:

To judge by murmurings at recent conferences, from policy makers, funders and practitioners, Ecosystem Service markets are falling short of expectations. Were they oversold from the beginning? Or has not enough development time passed? Are there realistic expectations for the role they might play in conservation finance – perhaps a transitional one? What can we learn from market successes and failures to date? What has tool development taught us so far about creating a functioning system that will allow ecosystem services restoration and conservation to move forward productively? Is the concept fundamentally flawed as conceived: What are the dangers of separating whole systems into component parts, and trading credits for them? What happens to markets if existing regulations are not enforced, if agencies are reluctant to use market-based approaches to meet regulatory goals, and if policy makers are reluctant to impose new regulations? Please come participate in a friendly and lively debate tackling questions like these and the challenges they raise. We hope you will leave with some new perspectives and better ideas for moving forward in your own work. The debate will continue online after the panel discussion at www.ecosystemcommons.org.

1. Brief description about what each panelist covered in their respective discussions

- Bobby Cochran: how do we know if its boom or bust: socio-political, economic, enviro aspects; to resolve: clear authority, market tools, risk distribution; markets won't fix all farm, forest, conservation problems – only contributed to solutions
- Tracy Stanton: “irrational exuberance” Do have examples of successful programs, e.g. reverse auctions, completed with monitoring. See some growth in markets, particularly offsets internationally. SEC rating may drive more reporting.
- Tim Gieseke: farmer and conservationists' perspective – how do we incorporate positive externalities of farming into markets? Market signals for ES diverse and not coordinated, hard to respond and monitor; need top-down and bottom-up approaches.

2. Overarching themes and key takeaways

- Not “pent-up” demand but locked up demand because:
 - Lack of clear authority of public agencies
 - Lowering risk, particularly buyers

- Tools and understanding of monitoring and assessment, economic analyses
- Better dissemination / transfer of successes
- 2011 wildfires and flooding provide opportunity basis for conveying value of ES to public

3. The most surprising finding or discussion

- Grassroots national campaign to create local and state programs and requirements (surprising because although it sounds like a good idea, the enormity is daunting)

4. Finding or discussion that had the most audience consensus

- Demand still is not sufficient. Policy and programs needed to create / stimulate. Current policy mostly regulatory, which are not well-designed for driving markets and fragmented too. Whole economic system undervalues and / or doesn't understand ES. What motivates people to change – e.g. engineering mentality; help them understand green infrastructure.

5. How this panel outlines (or contributes) to where we might go (as ecosystem services/markets professionals) from here

- Require federal agencies to include ES in cost / benefit analyses
- Support and use Ecosystem Commons