



Mitigation bank projects on Southern Timberlands



The business case

New market mechanisms which aim to compensate unavoidable loss in biodiversity are currently being developed, and some are already up and running. Mitigation banking is a new way to foster biodiversity conservation initiatives in very large land areas, and represent business opportunities for companies such as Weyerhaeuser, that owns lands as part of their business activities.

The issue

A new revenue stream

Weyerhaeuser is a forest products company with business segments including timberlands, wood products and cellulose fibers, also managing commercial forestland worldwide.

Owning wide areas of timberlands, Weyerhaeuser has identified new revenue streams in biodiversity linked with emerging markets such as mitigation banking. The company's objectives are to:

- Achieve an economic return on company-owned assets;
- Create offsets to compensate for unavoidable loss of wetlands; and
- Manage ecosystem health and provide ecosystem services to society.

The response

Banking projects, an emerging market mechanism for offsetting

A mitigation bank is a project to restore, create, enhance, or preserve a wetland, water body, or wildlife habitat, undertaken to compensate for unavoidable losses. They are most commonly set up for the purpose of providing compensatory mitigation in advance of

impacts authorized by law. Because the markets for mitigation banks are created by public policy enacted into a regulatory requirement, they are often referred to as "policy – enabled markets". The most developed mitigation banks in the U.S. are for wetlands. Here, wetland credit is the standard unit of measurement and is the "currency" that defines the unit of compensation for units of wetland loss.

A number of mitigation methods are used for credit creation: enhancement, establishment, preservation and restoration. These methods can be compensatory, whereby the permittee compensates for its own impact either on-site or off-site, or with an in-lieu fee, whereby the permittee pays a fee for mitigation carried out by someone else, usually off-site. A general framework defined by the U.S. Army Corps of Engineers for wetland mitigation banking includes defining and determining of wetland credits, assessing wetland value, determining the bank location, providing financial assurance, maintaining performance standards, and providing long-term management, monitoring, protection and remediation.

The results

Weyerhaeuser currently has proposed 11 mitigation banking projects in the U.S. In terms of the US market, there were 431 active banks, 182 banks pending approval, and 88 banks that were sold out in 2009. The wetland credit pricing ranged from \$3000 to \$653,000 per credit.

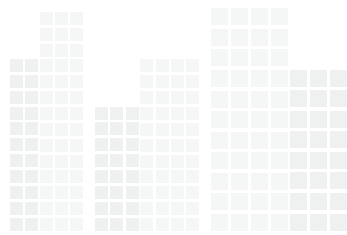
These figures show that this market is now becoming substantial, which implies new business opportunities, as well as opening up new perspectives for biodiversity conservation.

References

"Madsen, Becca; Carroll, Nathaniel; Moore Brands, Kelly; 2010. State of Biodiversity Markets Report: Offset and Compensation Programs Worldwide, Ecosystem Marketplace."

Example of a mitigation bank project on Weyerhaeuser Southern Timberlands

Weyerhaeuser has signed an agreement to conduct wetlands mitigation for a large project located in St. Tammany Parish, Louisiana U.S. The project covers an area of 130 ha and consists of the restoration of a site to longleaf pine savannah ecosystem. Restoration was started in 2008 and will end in 2023. The credits were calculated through a model that determines the degree of ecological rehabilitation of the project. The Nature Conservancy will be the holder of the conservation servitude agreement.



FURTHER INFORMATION

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