

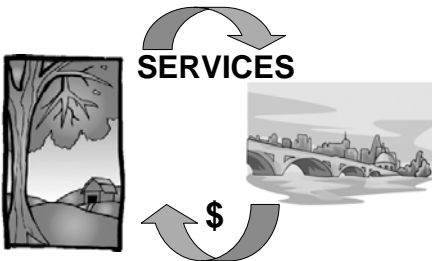
Market Based Conservation- Opportunities for Manure Management

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Why look to the marketplace?

- Federal/state water quality assistance programs – never enough \$\$
- Greater opportunities for innovative approaches, flexibility
- Greater sustainability over time – public funds always in doubt
- Greater potential for reward

**Payments for Ecosystem Services –
Bridge the gap between providers (farmers)
and users (public) of environmental benefits**



Leveraging the marketplace - How?

- Green payments – publically funded programs
- Direct private payment for ecosystem services
- Marketing based on environmental standards and certification
- Environmental credit markets

Green Payments

- Publically funded "marketplace"
- Government defines and purchases benefits
- NYC Watershed program paying farmers to protect drinking water
- USDA's Conservation Security Program --- goal to pay farmers for performance



Direct private payment for ecosystem services

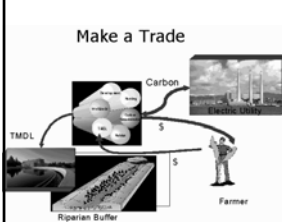
- Private sector defines and purchases benefits
- Many businesses depend on water quality – recreational businesses, water users/suppliers, developers
- "Conservation communities" – Prairie Crossing community in Illinois.
- Other countries are further ahead in using direct private PES.

Environmental standards and certification

- Tap consumers directly for environmental performance
- Variety of forms -- premium pricing/niche marketing; preferred purchasing; market share guarantee.
- Many initiatives underway to create environmental standards for production/management in agriculture
- Examples – Lodi-Woodbridge Wine, Healthy Grown potatoes, new dairy initiative in Chesapeake Bay



Environmental credit markets



- Carbon credits – best known
- Water quality trading -- newer
- Examples: Oregon, Ohio, Pennsylvania programs
- Beyond water quality trading – ecosystem markets of multiple benefits

Assessment tools

- Assessment tools lacking
- Need ways to measure performance reliably
- Market will not want to buy something it cannot measure/assess
- Critical area for research, development, and demonstration

So how is the game played?

- Unfortunately, it all depends
- Carbon easiest – Chicago Climate Exchange (find aggregator)
- Water quality – depends on specific state/local program
- Green payments – every state/federal program is different – get information from agency
- Environmental certification/marketing – depends on purchaser/retailer unless can process and market independently

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