



# Market-Based Mechanisms for Sustainable Land Management

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**8:20am**

















# Sustainable Land Management Challenges



Climate resilience

Biodiversity conservation

Water quality enhancement

# Scale of the Problem



OECD

Climate compatible UN Sustainable Development Goals will cost ~US\$7 trillion annually.

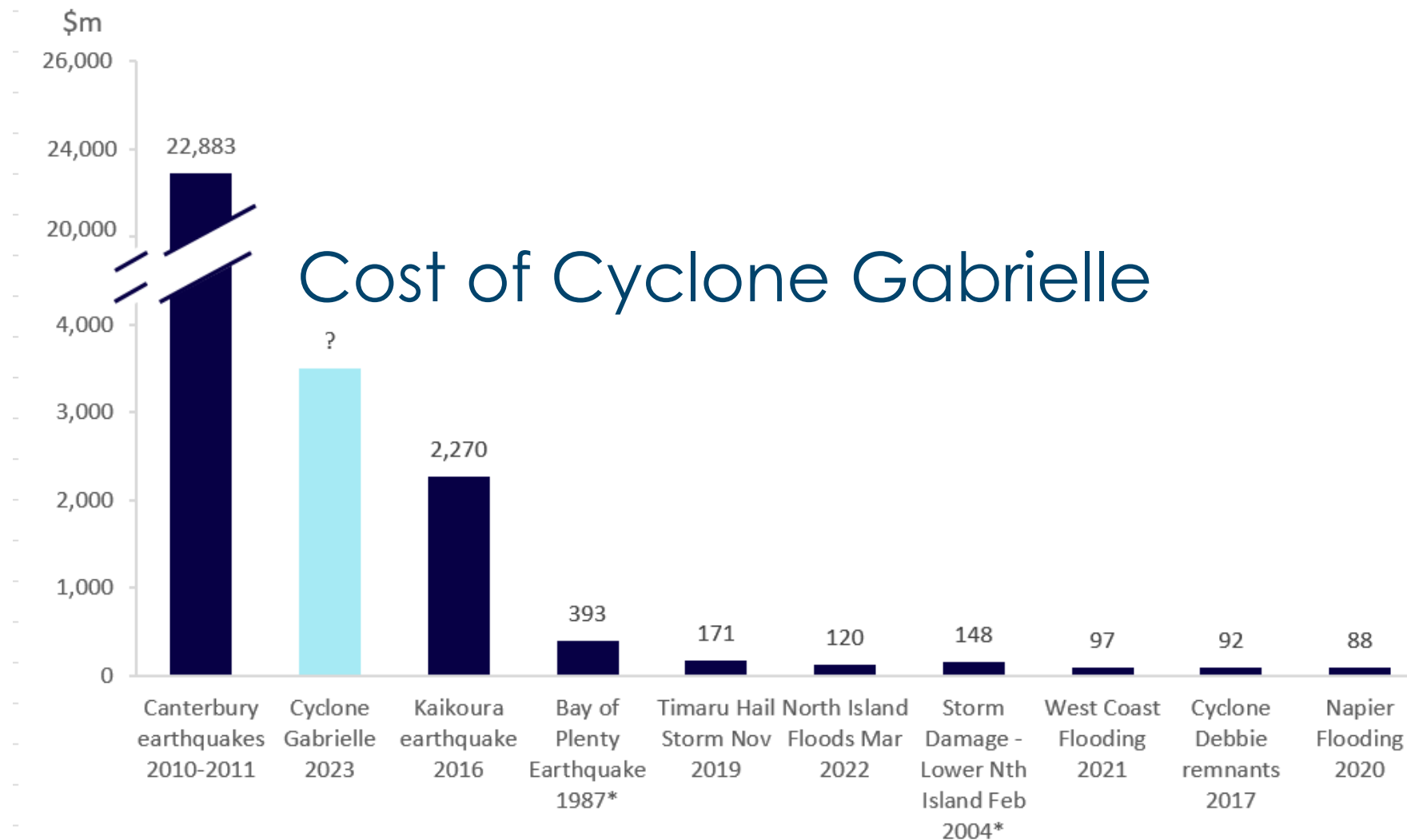
PWC

Fund management sector will manage ~US\$145 trillion annually by 2025

We need 1 million ha of new afforestation for climate change mitigation



We also need 1 million ha of new permanent forest for climate change resilience



Source: ICNZ. \* Cost inflation adjusted by ICNZ.

We also need ~ 1 million ha of new permanent forest for climate change resilience



- ➔ Cost of Cyclone Gabrielle ~ \$4 billion
- +
- ➔ Cost to build climate resilient lands:
  - ~\$15 billion across 15 years
  - ~\$1 billion annually to 2038

Taxpayer & Philanthropic Funding?



Compliance Market

NZETS



Voluntary Market

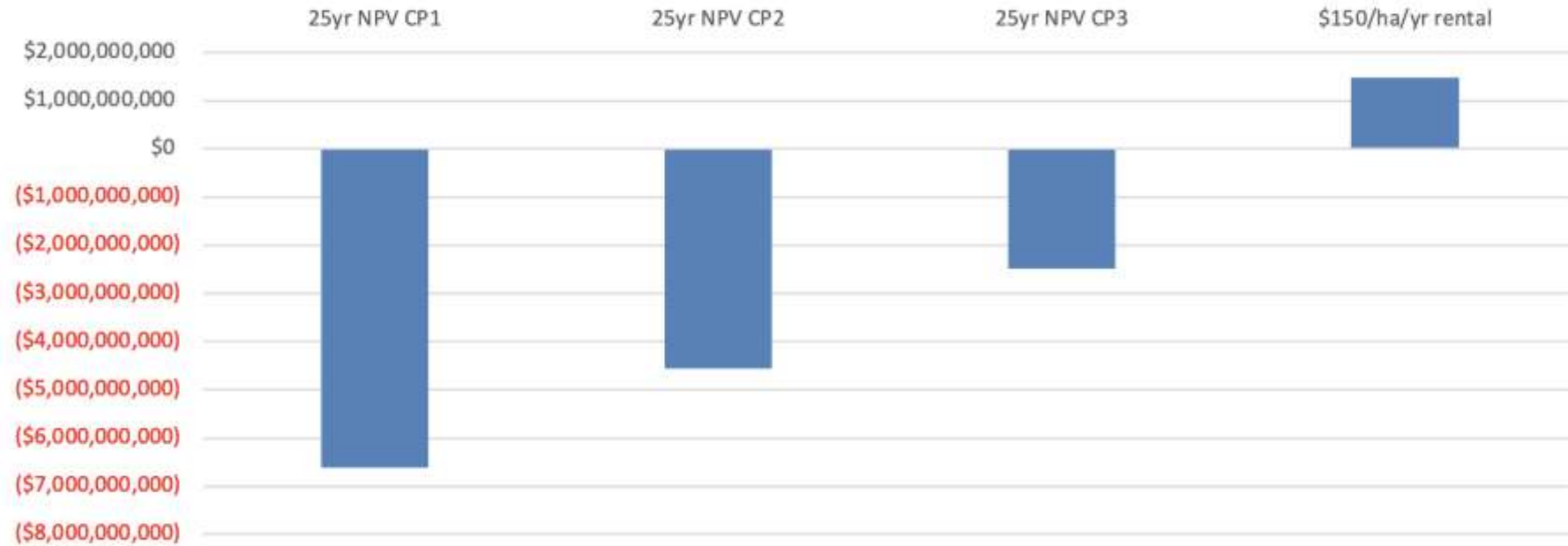
Various International Standards

What About Carbon Financing?



# 1 Million ha of Native Reforestation

## NPV Analysis

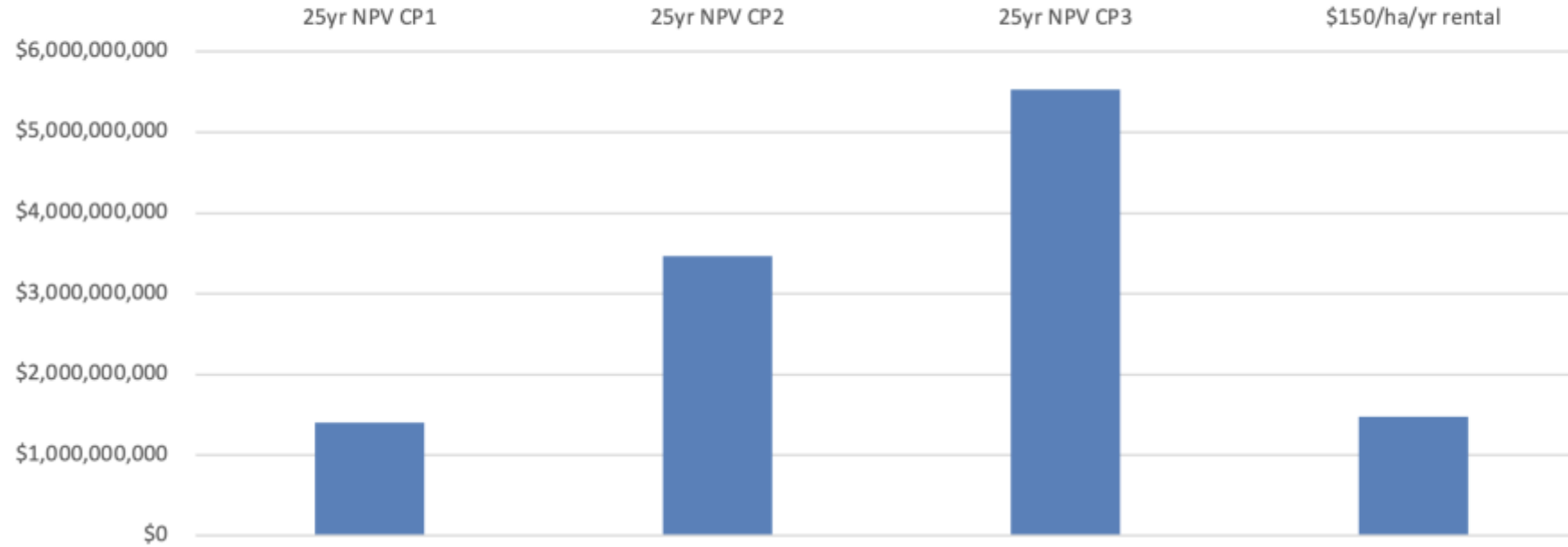


What About Carbon Financing?



# 1 Million ha of Native Reforestation

## NPV Analysis



\$750 million  
p.a. subsidy



## What About Carbon Financing?



# 1 Million ha of Native Reforestation

## Benefits to the Nation?

### No Subsidy

- None, because it does not get access to capital and does not happen

### With subsidy of \$750 m p.a.

- It happens but with inflationary pressure and requires paying nurses less

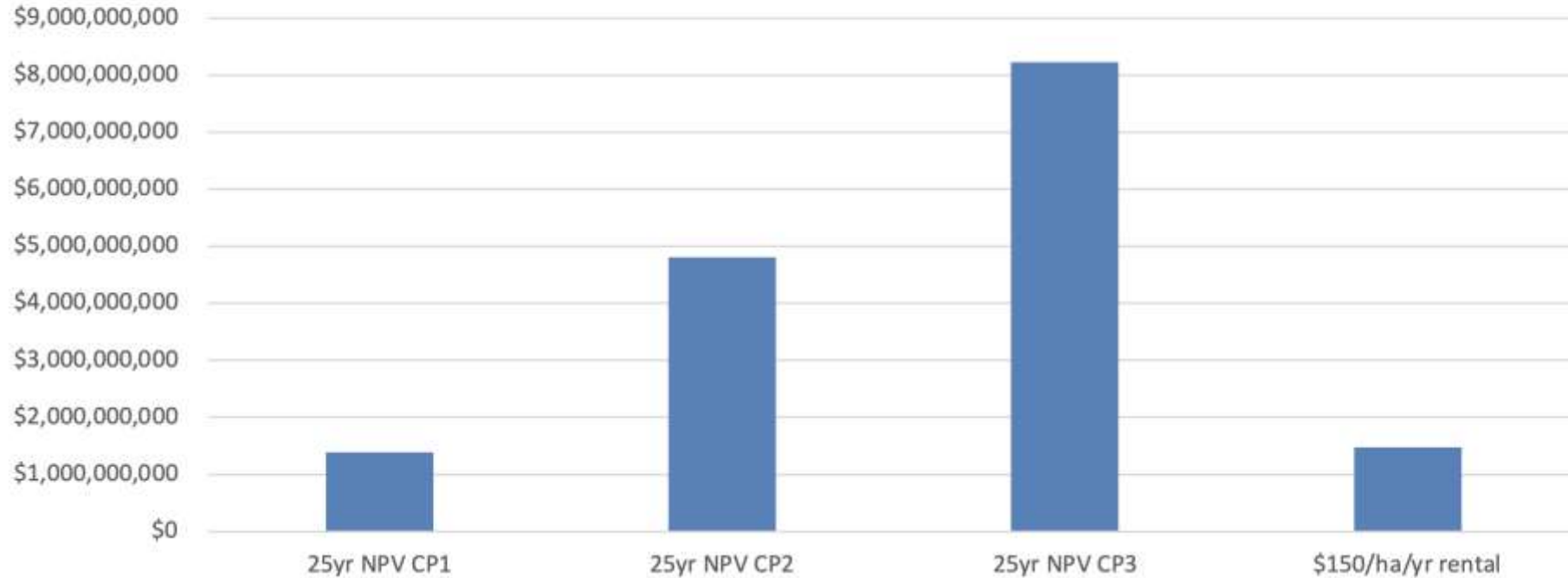
## What About Carbon Financing?





# 1 Million ha of Exotic Reforestation CCF Transition to Natives

## NPV Analysis



\$0 subsidy



\$750 million p.a.  
available for...

## What About Carbon Financing?



# 1 Million ha of Exotic Reforestation CCF Transition to Natives

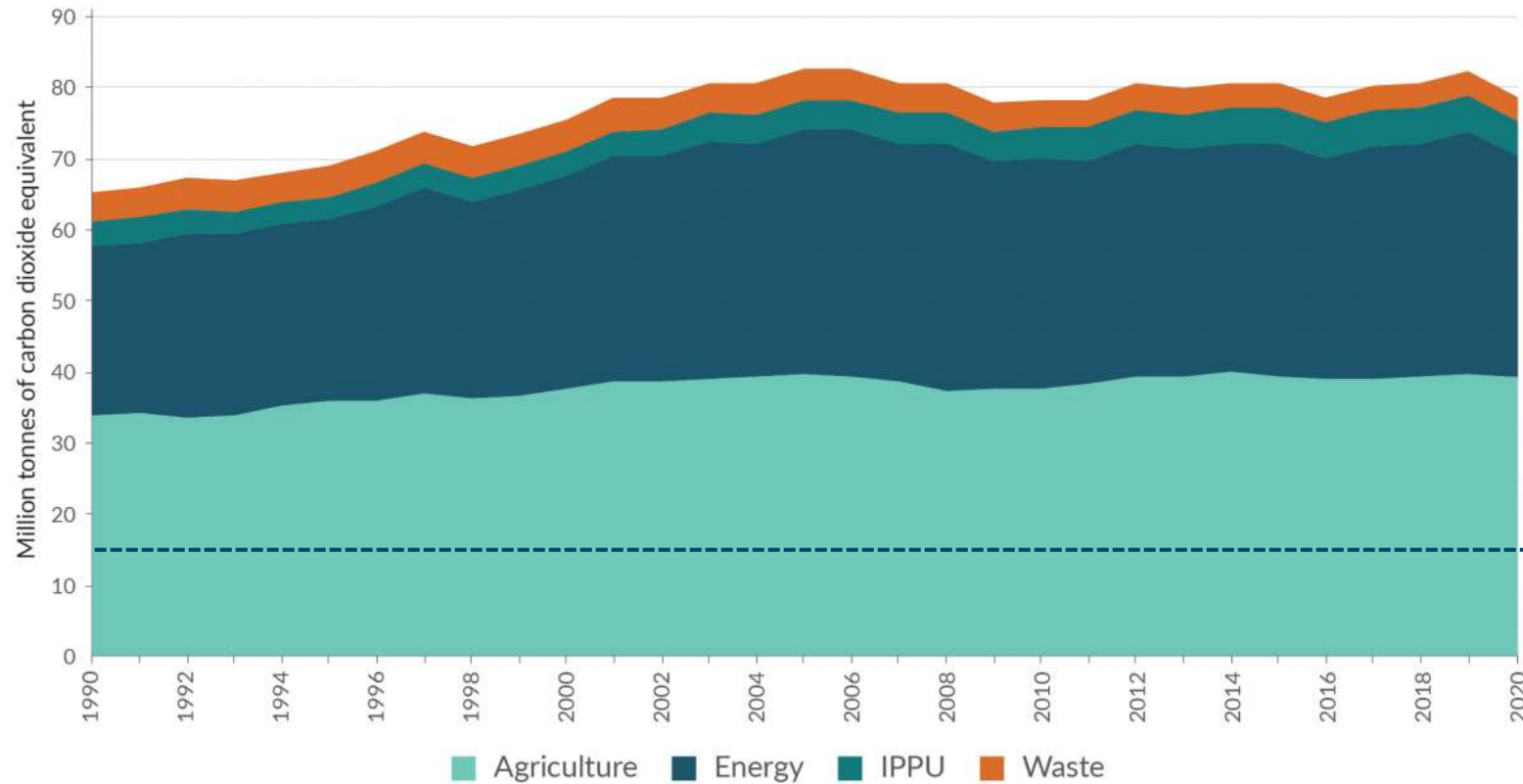
## Benefits to the Nation?

- ✓ Climate change mitigation
- ✓ Climate resilience
- ✓ Biodiversity conservation
- ✓ Zero cost to the Taxpayer

## What About Carbon Financing?



# 1 Million ha of Exotic Reforestation CCF Transition to Natives



Permanent forests = natural friend of agriculture

## What About Carbon Financing?



We need to unlock a firehose of private sector money to build a climate resilient nation



Huge potential for private investment to do the heavy lifting  
Government needs to work in partnership with the private sector



# 1 Million ha of Native Reforestation



Biodiversity credits are a way of attracting funding from the private sector, to invest in efforts by landholders to protect, maintain and enhance indigenous vegetation and habitats...

MFE 2023



## What About Biodiversity Credits?



You can trust us



What About Biodiversity Credits?



# Trust in Market Mechanisms for Nature Based Solutions

Key ingredients:

- Standards
- Methodologies
- Validation & verification protocols
- Unit issuance registry
- Unit pricing integrity
- Secondary market controls

## What About Biodiversity Credits?





## Demand & Supply

No Buyers  
No Business



Scale of supply is dependent  
on scale of demand

Demand is undeveloped and untested in Aotearoa

This sector needs market development

What About Biodiversity Credits?



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Dashboard

Project Validation

Project Verification

Inventory

SDU Transaction

Account Information

Settings



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**SDU REGISTRY**



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## BCA Task Force Members





**Thank You**