

Conservation banking

From a Californian institutional innovation to its national diffusion

Stéphanie Barral
INRA, France

Ritwick Ghosh
NYU, USA



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Innovative policy instrument to offset impacts on endangered species

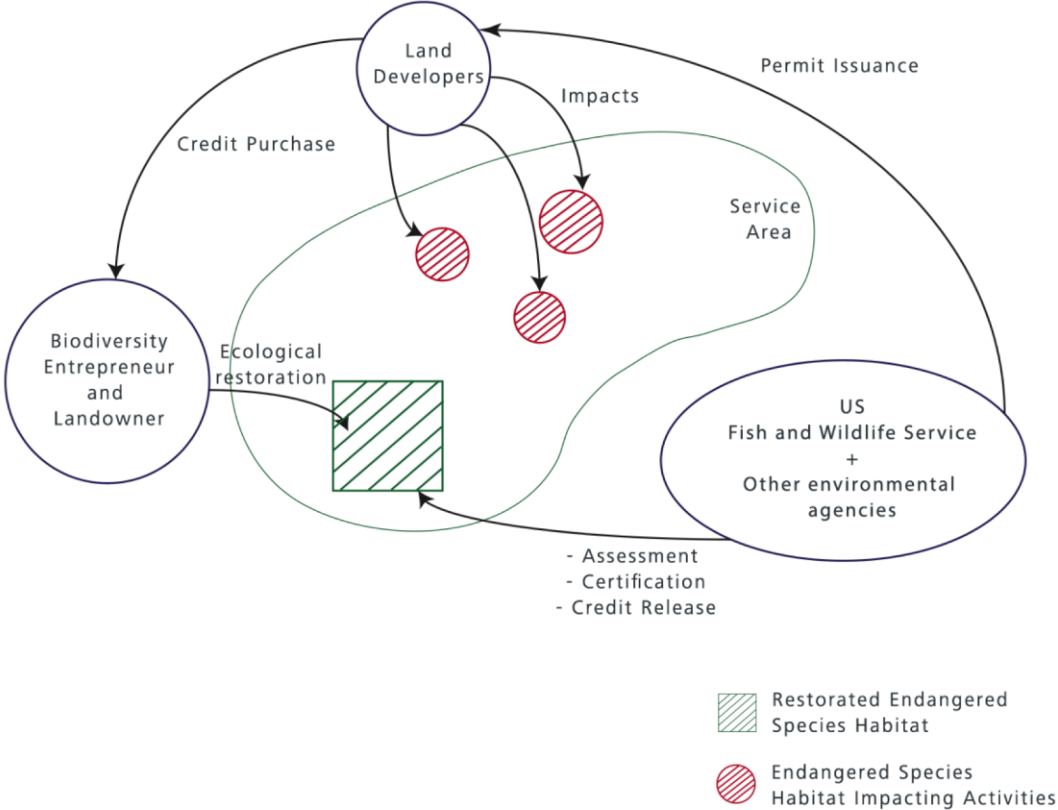
First developed in California in the early 1990s

Spread in 18 other US states since the early 2000s

Introduction / Conservation banking



Introduction / Conservation banking



Endangered species credits are « regulatory commodities »

Scientific knowledge-dependent

Bound to a profitability objective

Affected by de-regulation/regulatory threats

Drivers for investments in conservation banking:

- Economic development
- Ecologically connected networks of endangered species habitats
- Regulatory capacity to enforce the rules

Why California?

Why such a heterogeneous diffusion?

On-going research project

- Scoping interviews
- Study of the Californian model
- Study cases in other states (OK)
- Participation in training courses and conferences
- Quantitative approach of demand/supply

First banks in the early 1990s

Vernal pool species

Sacramento USFWS

Modeled on:

- Transfer of development rights and zoning permits
- Wetland mitigation banking

CB as a Californian specificity (Rea, 2017):

- Endangered species and land development going on
- High density of environmental regulations and institutional levels
- Strong environmental movement

Strong need for compromise

Intertwined with wetland banks

Streamline of permitting process/transfer of liability

Started as improved and progressively standardized:

- Regulatory templates
- Metric
- Credit release calendar
- Financial orientations

Highly technical field

Diversity of expertise

Field-level officers as key actors for risk-management

Collective learning-by-doing: CB « evolved from the ground up »

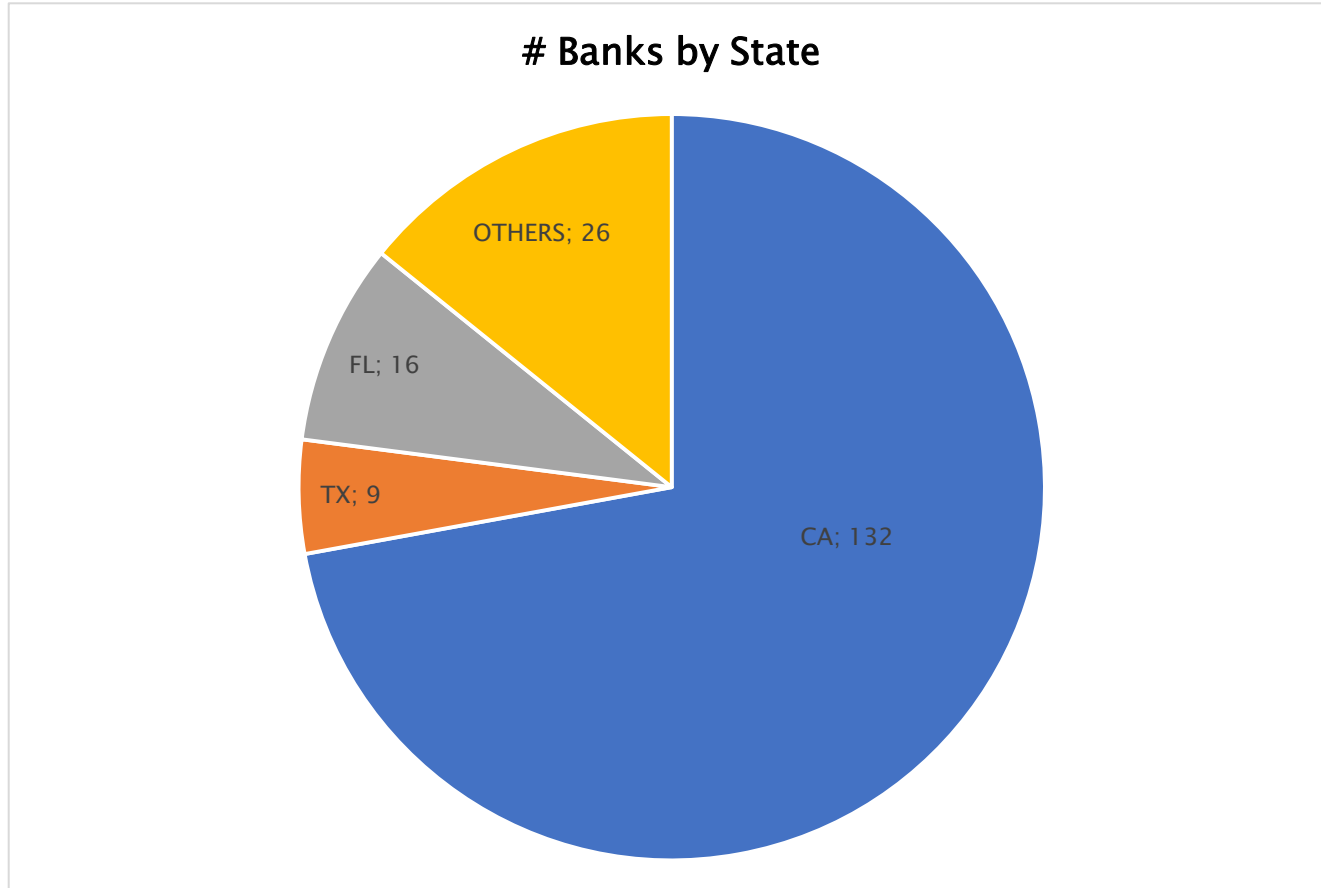
Path-dependancy trajectories:

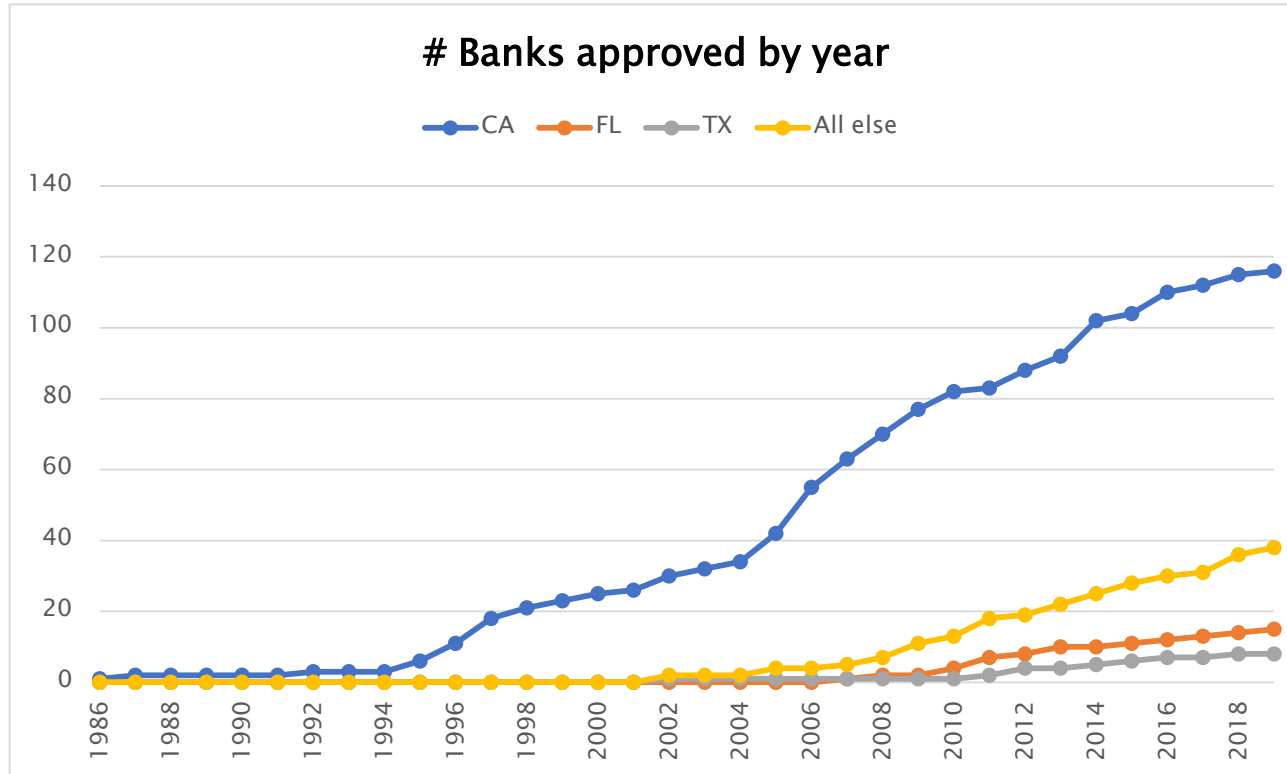
« The more we know a banker, the more likely we are to trust his measures and not go and verify them »

« For some species, we have been working on 20 years of conservation so there is not a lot of time lost on discussion »

An economic model based on expansion:

- Need to follow economic development
- Bankers strategy: being first in a « service area »





Heterogeneous diffusion of conservation banking within the USA

How to approach the question of model circulation?

- Federal support to conservation banking
- Capital flows
- Field-level officers' bureaucratic know-how

Institutional diffusion:

« From the 1995 guidance, was a drafter named Craig Manson – General Council for our State Fish and Game Department. In 2003, he was the Assistant Secretary for the Bush Administration. He took the 1995 guidance, brought it to DC, fleshed it out more, and the CB Guidance Department of Interior came out in 2003. »

Capital flows:

« Many of the earlier banks were speculative banks in which people looked at regions and go to the region. This business is very capital intensive. Unless you own the land, unless you have some other business, this model is more challenging. Many big groups focus on demand model, identifying demand factor that will go into the region and then will do projects in that region or for a particular project site. »

Field level officers' skill development

Need for training on technical issues and business aspects

Collective events where business and regulators meet

- Conferences
- Training courses

Informal backing

Historical development of Oil and Gas production

Approx. 20 endangered species under the ESA

No state regulations

Limited environmental activism

Two conservation banks for the American Burying Beetle

Listed as endangered in 1989

First impacts offset in early 2010s

Two banks approved in 2015



Beyond a general framework that make things possible, what explains the development of ABB conservation banking in Oklahoma?

- Evolution of scientific knowledge on ABB
- New conception of impact and mitigation
- O&G production peak
- Political courage of a bunch of field level officers

Circulation of conservation banking in varying institutional conditions

Flexibility of the instrument and circulation of tacit knowledge allow for translation into other institutional contexts

Conservation banking as a problem-solving instrument locally

Thanks!