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Enabling project co-investment through ENVOMARK Credits

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Eco-Markets Australia — Nature. Valued.

Integrity is the bedrock of environmental market confidence.

Under Eco-Markets' (EMA) Value Nature Framework EMA applies ENVOMARK Assurance to all EMA Environmental Market Standards and Methodologies. To obtain this certification of high integrity, a Standard or Methodology must meet the three ENVOMARK credentials:

1. The right to **claim** responsibility for and entitlement to the benefit attached to a Credit generated using an ENVOMARK Methodology under an ENVOMARK Standard must be backed by a traceable, ***delivered*** **quantum of benefit** for the relevant environmental asset, system or service.

2. The quantum of benefit must be denominated in **units of condition improvement** using metrics appropriate to the benefited environmental asset, system or service; and

3. The delivery of the benefit must be able to be **confidently 3rd-party verified**.

Regardless of the target benefit of any environmental management intervention in a landscape or ecosystem, we anticipate that the activities of that intervention will produce collateral benefits (co-benefits) additional to the target benefit. Such co-benefits commonly include:

- benefits to First Nations expression of customary custodial responsibility for Country.

- regeneration of landscape function through improvements in water quality, habitat condition and resilience to climate change: and

- benefits to local communities and economies including employment and supply of project-related goods and services.

For most environmental investment programs co-benefits are implicit goods adding value to both the program/project narrative and the perceived value of the intervention. The generation of co-benefits is fully covered by the program/project investment and while enhancing value it does not reduce cost.

Hence the co-benefits are free goods that are consequential to delivery of the target benefit and the sole investor routinely meets the full cost of the program/project taking into account any beneficiary cash or in-kind contributions.

If all or some of the benefits generated by a program/project can be differentiated and sold into separate markets the cost of the initial target benefit can be discounted by the price of the off-taken co-benefits.

This can be done in two main ways. Co-investors can negotiate a shared arrangement – a joint venture, partnership, consortium, or the like – each contributing a fair investment to the shared pool in return for the right to claim the benefit achieved specific to their strategic needs.

Alternatively, the differentiated benefits can be converted to environmental credits of known or unknown provenance and of variable integrity and traded within a secure market.

In both scenarios, the actual delivery of the anticipated suite of benefits can be prospective. However, programs and projects implemented through one or more ENVOMARK Methodologies generate credits of known (traced) provenance that carry ENVOMARK integrity credentials – delivered, quantified and 3rd-party verified.

With key partners, EMA is actively developing the ENVOMARK Standards and Methodologies needed to facilitate a significant uplift in environmental outcomes by enabling public, corporate and philanthropic co-investment for voluntary and compliance purposes. Generating environmental benefits for conversion to high integrity environmental credits that carry ENVOMARK assurance will:

- reduce the cost of target benefits, especially as project cost effectiveness diminishes as environmental programs progress;
- offer financial incentive for 1st party investors to on-board co-investors;
- encourage 2nd party investors to seek cost effective acquisition of offsets, and reductions in supply chain risks and dependencies; and
- attract much needed increased investment in nature repair and its collateral benefits.