

Summary of Q&A from Webinar Discussion

Nature Credit Markets – Finnish Concept
(the summary by Copilot checked by Heli Siitari)

Contracts, Market Logic and Land Use

- Q: Are payments one-off or time-based? What is the usual contract length?

A: Agreements are voluntary and contract-based. Payments can be one-off or time-based. Contract duration varies case-by-case with no standard national duration. In official nature credit contract for offsetting the permanent destruction and deterioration prohibition will be set for the offsetting site.

- Q: Is there a minimum size requirement for sites?

A: No minimum hectare requirement. Small sites can be aggregated via intermediaries. Certain habitat types can be very small in size, whereas also large areas with different habitat types can be sold as well.

- Q: Does selling credits restrict forest use?

A: Not automatically. Restrictions depend on contract terms and ecological objectives. Destruction and deterioration is prohibited for the nature values produced, and permanency is often guaranteed with legal status.

- Q: Does selling credits create legal protection status?

A: No automatic creation of protection; formal decisions are required. Offsetting cases may lead to long-term protection. Protection would always require a separate legal decision, quite often it might be permanent private protection area. The created nature values are protected by law, where the national process is followed and public sector validation in place.

Buyers and Demand

- Q: Who are the buyers of nature credits?

A: Primarily companies acting voluntarily. Also municipalities can either buy or even produce credits in their own property. No mandatory offsetting in Finland.

- Q: Are credits used to offset biodiversity footprint directly?

A: Not on a strict 1:1 basis. Purchases are aligned with main environmental impacts.

Pricing and Market Development

- Q: How is the price of a credit determined?

A: Prices are market-based and influenced by restoration and verification costs.

- Q: Is there a risk of price collapse?

A: Possible in theory, but market is still early-stage and demand is expected to grow.

Measurement and Credits

- Q: How are biodiversity gains calculated?

A: Using habitat hectares: area multiplied by ecological condition, based on response models over 30 years.

- Q: Are all credits based on this model?

A: Primarily yes.

Q: When can credits be sold?

A: After actions are implemented and verified. But in the pilot phase the projects are carried out from the beginning in close collaboration with sellers and buyers. This takes some time, but piloting like this helps the system to be evolved together with landowners and buyers.

- Q: What is the benefit of waiting before selling?

A: Waiting increases the number of credits delivered by the site, since future gains are less valuable than realized gains.

Additionality

- Q: How is additionality ensured?

A: Defined in legislation for offsetting; generally requires actions beyond legal obligations.

- Q: Is avoided loss allowed?

A: Not currently allowed in the Finnish offsetting system.

Eligible Sites

- Q: Can only restoration projects generate credits?

A: Focus is on restoration, but protection-based transactions are also possible.

Intermediaries

- Q: Why are intermediaries needed?

A: To aggregate fragmented ownership, provide expertise and connect supply with demand.

EU Perspective

- Q: What is the role of the EU?

A: The EU can accelerate development while ensuring credibility and alignment with policy.

- Q: Can the model scale internationally?

A: Yes, but requires local adaptation due to ecological differences.

Other Topics

- Q: Is AI used?

A: AI development projects are ongoing, still at an early stage.

- Q: Is there data on market size?

A: Limited data available as the market is still emerging.