

## Reverse auction pilot for biodiversity protection

Central Jutland, Denmark

*The case study will showcase how cost-efficiency in funds spent on biodiversity production can be achieved and forest owners can be engaged.*

**Showcasing in practice how voluntary competitive mechanisms can improve biodiversity protection outcomes.**



### Setting the scene

The majority of the Danish forest area is located on privately owned land with ownership distributed between nearly 25.000 private individuals, foundations and firms. These mainly small patches of forest land often hold some of the most unique and interesting remnant populations of endangered animal and plant species locally and the most forest biodiversity overall although with large regional variations. Denmark has signed the FN agreement on halting the loss of biodiversity and there is an urgent need to bring these privately-owned forest areas into play as providers of safe biological corridors and microhabitats. Research shows that private forest owners are ready to participate in biodiversity creation and protection if given appropriate incentives.

#### Objectives

- To finance the maintenance of forest biodiversity in an innovative cost-effective way.
- To increase the number of registered and protected forest microhabitats throughout privately owned forest in Denmark.
- To prove that the mechanism of reverse auctions for ecosystem services works as a concept.

#### Challenges

- Lack of public funding for biodiversity protection in private forests.
- Reservations by smallholders and other forest owners to engage in the scheme.
- Relatively low level of trust by private forest owners towards public authorities.
- To design a scheme without too much red tape

### Innovation mechanism

This project aims to inspire changes to existing public grant schemes for biodiversity protection on privately owned land by demonstrating in practice how a competitive bidding-process can improve the coordination of nature conservation efforts, cost-effectiveness, and awareness of landowners.

The innovative mechanism itself comprise of an inverse auction where forest owners will be able to offer biodiversity conservation measures within limits only set by their own imagination and willingness to accept outcomes.

### Expected impacts

- ✓ At least 65.000 € will be made available for the auction bidders
- ✓ A set of high-impact projects will be supported showcasing different forest management ideas for biodiversity protection
- ✓ Showcasing to authorities and policy makers how biodiversity protection can be achieved more cost effectively and how to engage forest owners in non-traditional ways

### The bigger picture

The project will create a model that can be replicated on a wider national scale not only for forest biodiversity provision but also for biodiversity provision at the landscape scale and for other types of ecosystem services as well.

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### Action

- Develop an inspirational catalogue with management interventions and options for private forest owners to promote their forests' biodiversity and for the auction bidding process.
- Develop the biodiversity auctioning process and its supporting administrative procedures and paperwork.
- Activate forestry consultants and forest entrepreneurs to disseminate information about the concept to small forest owners nationwide.