

Biodiversity Offsets: An Underutilized Source of Support for Protected Areas

George C. Ledec. Lead Ecologist, World Bank

Sally Johnson, Director, Fairfields Consulting



(The views expressed here are those of the authors and should not be attributed to the World Bank Group)

An aerial photograph of a dense tropical rainforest. A prominent dirt road, reddish-brown in color, winds vertically through the center of the forest. The forest is lush and green, with various tree species and dense foliage. The top of the image has a semi-transparent dark grey overlay containing yellow text.

Natural ecosystems worldwide are under growing pressure from large-scale development projects, with public and private funding

Where significant residual impacts are likely, biodiversity offsets can deliver better conservation outcomes than would otherwise have been possible.

Biodiversity offsets can provide much-needed additional funding for some important protected areas.

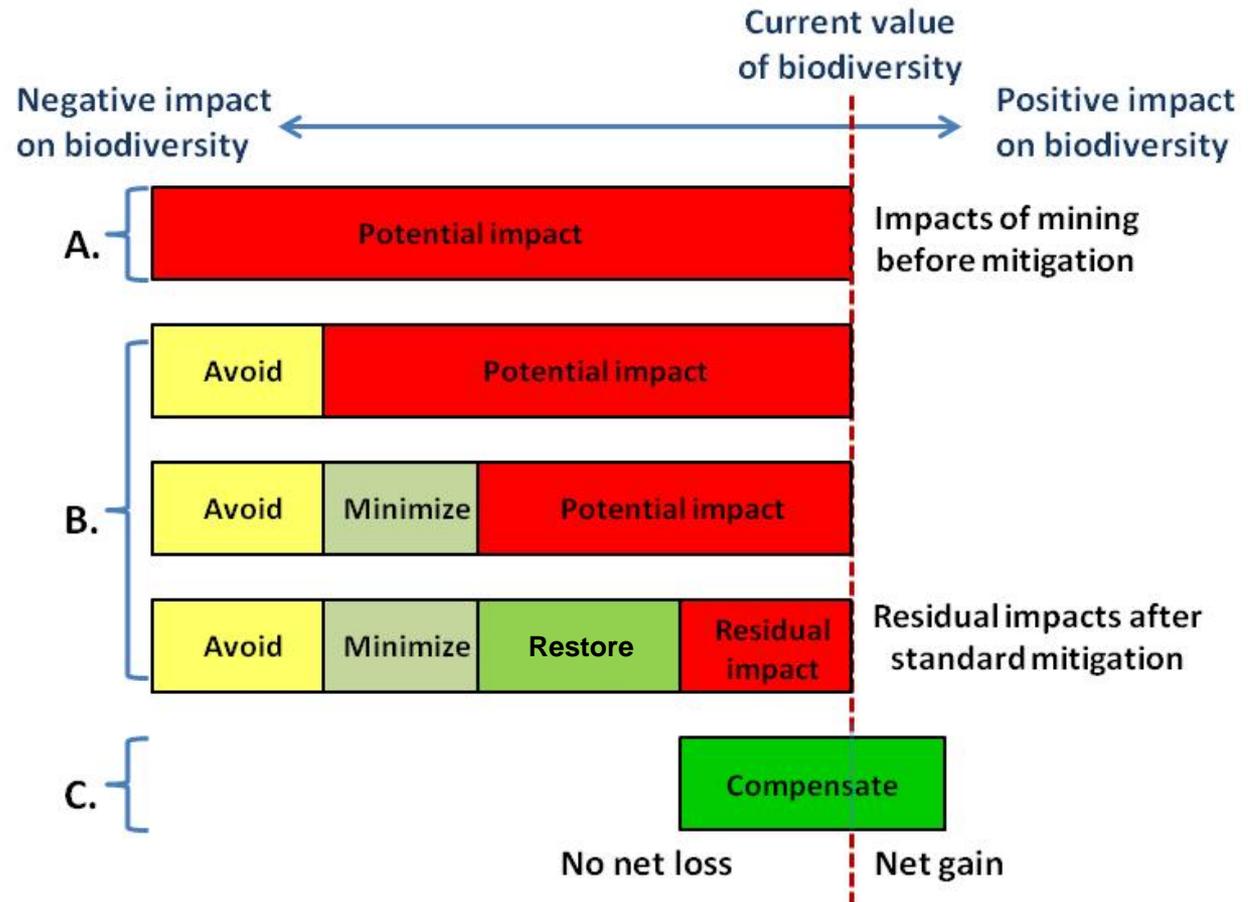
What are Biodiversity Offsets?

- **Biodiversity offsets** are measurable conservation outcomes to compensate for significant residual adverse biodiversity impacts.
- Goal of many biodiversity offsets is to achieve a **net gain** from a conservation standpoint (or at least **no net loss**).
- **Mitigation Hierarchy**: Offsets are a **last resort**, after other mitigation measures (to avoid, minimize, and restore) still leave residual impact.
- **Goal**: Offsets should **improve net conservation outcomes from inevitable development projects**; they should not facilitate habitat loss that would likely not happen otherwise.



Mitigation Hierarchy and Net Gain

- Achieving a net gain (or at least no net loss) in biodiversity conservation:



Source: Adapted from the BBOP – Biodiversity Offset Design Handbook

Project-specific Biodiversity Offsets

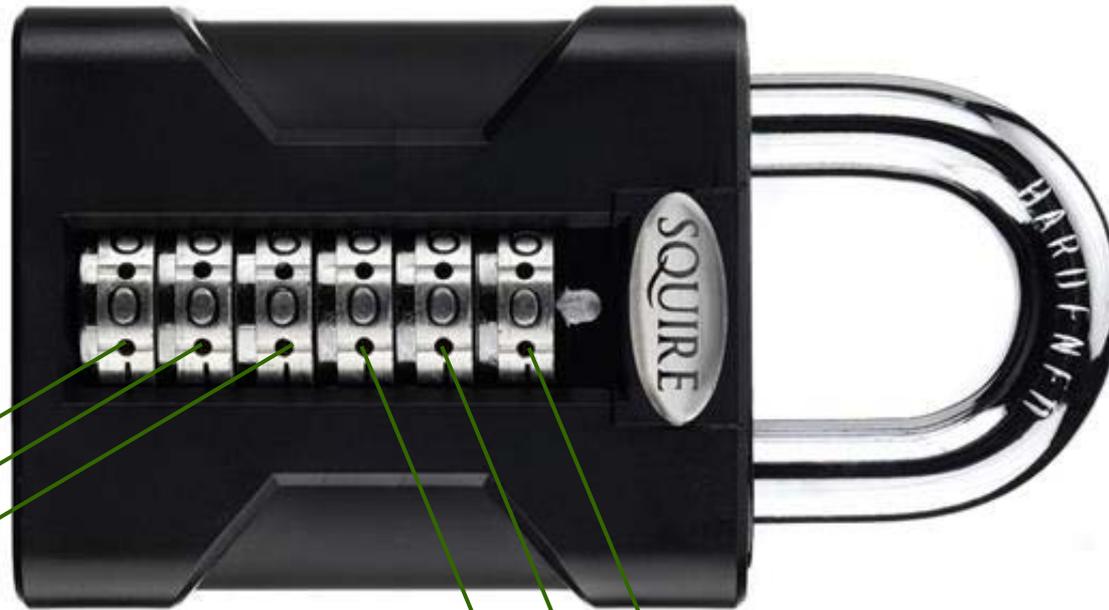
- **World Bank:** Examples to date mostly **large infrastructure** projects (especially hydropower).
- **Private Sector:** Most examples to date from **extractive industries** (mining, oil/gas)- not from commercial agriculture (oil palm, soya) despite large footprint.
- Important **protected areas** have been **established and/or strengthened** as offsets.
- Like other conservation projects, **offsets require:**
 - Defined institutional responsibilities
 - Implementation schedule
 - Adequate funding (up-front and recurrent costs)
 - Stakeholder engagement



Aggregate Biodiversity Offsets: Potential (Yet Unrealized)

- **IF successfully implemented, aggregate offsets could enhance support to biodiversity conservation and protected areas by:**
 - **Reducing transactions costs** (developers could pay money, without designing a new offset from scratch).
 - **Mobilizing conservation funding from all** the firms or agencies with relevant types of development projects (not just the “environmental leaders”).
 - **Addressing cumulative impacts** of multiple infrastructure, extractive, or other projects involving habitat loss.
 - **Optimizing conservation area selection** (prioritized at a national/regional level, not *ad hoc* project-by-project).
 - **Increasing governmental participation and ownership** (thus enhancing sustainability).

Unlocking the Potential of Aggregate Offsets



Conservation Areas need to be identified, mapped, and legally established.

Well-governed **Conservation Trust Fund** (or similar financial mechanism) needed to receive funds from development projects and transfer them to conservation areas.

Support for **Alternative Livelihoods** for local populations needed around some sites.

Legal and Regulatory Framework to mandate all large projects in specific categories to comply with offset requirements.

High-level Government Support needed to establish an aggregate offsets areas at national or sub-national level.

Robust **Stakeholder Engagement** to address concerns of local communities, landowners, NGOs, project developers, etc.

World Bank Group Study of Biodiversity Offsets: A Work in Progress...



Aggregated Biodiversity Offsets: A Roadmap for Liberia's Mining Sector



Sally Johnson, Draft July 31st 2014

**Biodiversity Offsets
Roadmap for
Mozambique currently
under preparation (for
early 2015).**



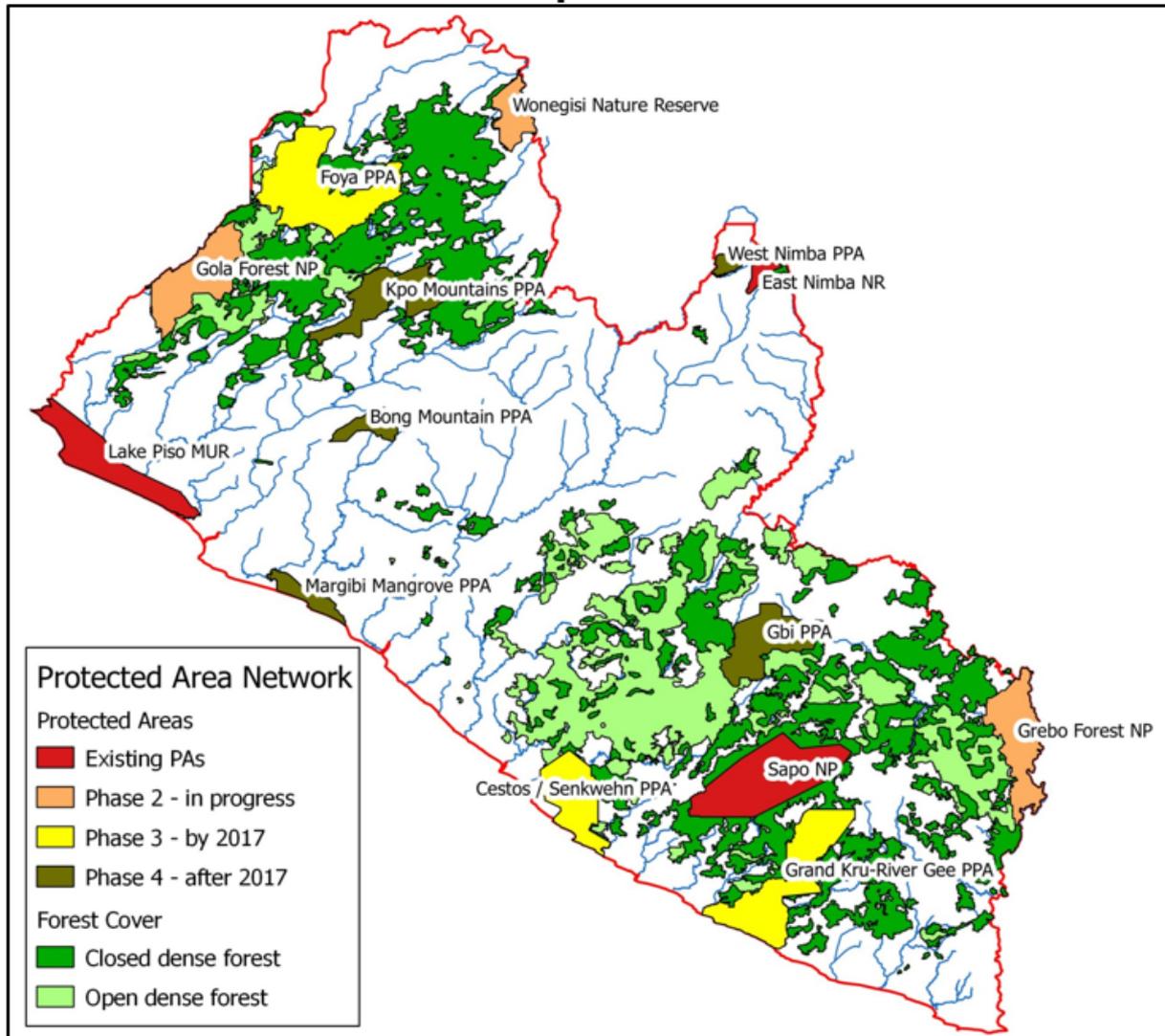
**Biodiversity
offsets
Sourcebook and
Toolkit are
currently being
prepared (for
mid-2015).**

Key findings from Liberia (1 of 2)

- A network of Proposed Protected Areas (PPAs) provides excellent potential offset sites.
- Establishing Protected Areas has been very slow and securing additional funds through aggregated offsets could speed up this process.
- There should be an immediate moratorium on the allocation of concessions within the PPAs.
- Applying aggregated offsets where biodiversity impacts must be established for multiple projects requires a pragmatic methodology for calculating conservation credits.



Existing and Proposed Protected Areas



Source: FFI based on information from FDA (2013)

Key findings from Liberia (2 of 2)

- Aggregated offsets--used with a simple form of biodiversity or conservation credit linked to the PPA network--offers best prospect for sustainable offsets and true additionality.
- Careful attention is needed to local communities, including support for alternative livelihoods.
- Capacity constraints within the FDA and EPA need to be addressed for aggregated offsets scheme to be successfully implemented.
- Key next step: Establish functioning Conservation Trust Fund or similar mechanism for reliable, transparent transfer of funds from extractive firms to priority Protected Areas.



Biodiversity Offsets: Some Key Issues

- Addressing philosophical and practical objections to offsets (e.g. “license to destroy”).
- Satisfying the key criteria of additionality and sustainability.
- Recent offset case examples: Is it too soon to draw definitive lessons?
- What features of offset systems now in place in different countries could form the pillars of a robust national offsets framework?
- Facilitating broader, appropriate use of offsets; overcoming existing constraints.
- **We welcome all comments** and suggested inputs for the Sourcebook and Toolkit! 😊



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