

FEBRUARY 2021

BIODIVERSITY OFFSETS

- Biodiversity offsets are **measurable conservation outcomes designed to compensate for adverse and unavoidable impacts of projects**, in addition to prevention and mitigation measures already implemented.
- Biodiversity offsets are **only appropriate for projects which have rigorously applied the mitigation hierarchy framework**, a widely accepted approach for biodiversity conservation.
- The aim of offsets is to **achieve No Net Loss (NNL) and preferably a Net Gain (NG) of biodiversity** when projects take place. Measures that are not designed to result in NNL and preferably NG are not biodiversity offsets.
- The achievement of **NNL/NG is dependent on measurable, appropriately implemented, monitored, evaluated and enforced offset schemes**.
- **Biodiversity offsets must be a measure of last resort; and in certain cases offsets are not appropriate** and should not be used.

What is the issue?

Public and private sector investments in projects such as infrastructure development, mining and oil exploration are among the current drivers of economic growth. However, biodiversity is not well accounted for under our present economic system and such projects can have important impacts on species and ecosystems more generally.

There is growing interest by governments and the private sector to look for ways of compensating for these biodiversity impacts, and achieve a *No Net Loss (NNL)* and preferably a *Net Gain (NG)* of biodiversity when projects take place.

Measures to compensate for negative impacts, for example by protecting threatened forests or restoring wetlands, collectively known as biodiversity offsets, are increasingly being used by governments and the private sector. Biodiversity offsets are conservation actions intended to compensate for the residual, unavoidable impact on biodiversity caused by projects, to ensure at least a no net loss of biodiversity and, where possible, a net gain.

Why is this important?

Biodiversity is the variability among living organisms including diversity within species, between species and of ecosystems. The reduced abundance of species from overexploitation, the fragmentation and degradation of habitats, pollution and other pressures driving biodiversity loss are constant, and even increasing as a result of development and increasing human populations. Conservation of biodiversity is necessary to ensure the continued survival of species, and ecosystems in general.

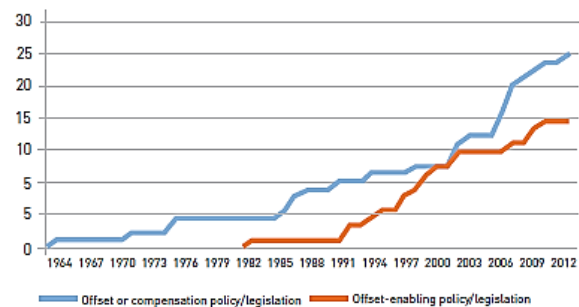


Figure 1. Cumulative rise in number of nations/states/provinces with offset legislation/policies (blue line) or with enabling legislation/policies/guidance (red line). Source: IUCN-ICMM 2012, prepared by TBC.

Given the importance of biodiversity, 'No Net Loss' (NNL) and 'Net gain' (NG) approaches for biodiversity use targeted and measureable environmental goals that allow governments and companies to take into account biodiversity when engaging in any type of project. These goals can only be achieved systematically through the application of the mitigation hierarchy, which is a decision-making framework involving a sequence of steps starting with the avoidance of impacts, followed by the minimization of inevitable impacts, on-site restoration and finally, where feasible and necessary, biodiversity offsets.

The correct application of the mitigation hierarchy can potentially limit the adverse impacts of projects on biodiversity, and may deliver additional biodiversity conservation. However, an improper application, especially if implemented with unresolved but fundamental knowledge gaps, and poor corporate, financial and regulatory policy may undermine established approaches to managing biodiversity risk. In certain cases, biodiversity offsets are not appropriate and should not be used.

What can be done?

To achieve NNL/NG goals, there needs to be clarity on what biodiversity offsets mean, when they cannot or should not be used as a conservation approach, and how to design and implement them. Measures that are not designed to result in NNL and preferably NG are not biodiversity offsets.

Biodiversity offsets are only appropriate for projects which have rigorously applied the mitigation hierarchy and when a full set of alternatives to the project have been considered. Priority must be given to avoiding any damage to biodiversity. The reality is that some biodiversity will always be lost in offset exchanges as no two areas of habitat or species populations are identical. Therefore, biodiversity offsets must be a measure of last resort after all other attempts at preventing or reducing impacts have been considered.

Biodiversity offsets must not be used in certain circumstances. For example, when a project may result in the extinction of species, when there is a high degree of uncertainty regarding the success of the offset, a clear lack of governance, or the values that will be lost are specific to a particular place, and therefore cannot be found elsewhere.

Implementing biodiversity offsets is a long-term exercise. Biodiversity offset schemes should be measurable and appropriately implemented, monitored, evaluated and enforced, and take full account of direct, indirect and cumulative impacts, geographically and over time.

National laws and circumstances vary around the world, so there is no single approach to designing and implementing biodiversity offsets. However, policy should be based on sound principles and allow some flexibility and options as to how these are to be applied, subject to clear rules that specify the outcomes expected and set out basic requirements such as exchange rules, metrics and standards for delivery. Offset schemes should follow a Rights-based Approach, and take into account societal values in their design, implementation and governance.

IUCN's Policy on Biodiversity Offsets, adopted by the Members' Assembly of the World Conservation Congress, which took place 1-10 September 2016 in Hawai'i, provides a framework to guide the design, implementation and governance of biodiversity offset schemes and projects. It also provides guidance as to where offsets are, and are not, an appropriate conservation tool to ensure that, when offset schemes are used they lead to positive conservation outcomes.

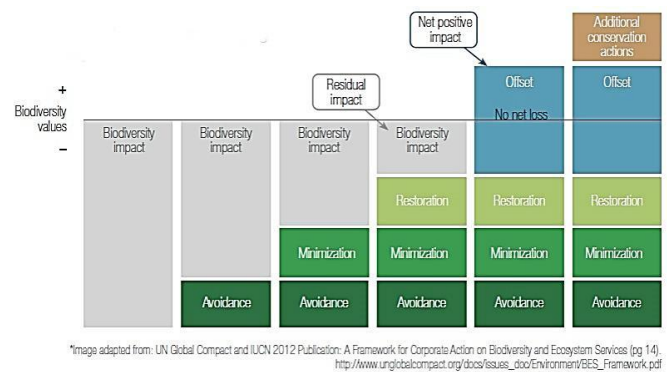


Figure 2. The mitigation hierarchy for managing biodiversity risk

Key elements of biodiversity offsets included in IUCN's Policy are:

Measuring and exchanging biodiversity, defensible and replicable measures and units of exchange, sufficient baseline surveys, and established exchange rules governing which residual impacts can be offset by what type of gains.

Additionality, biodiversity offsets must secure additional conservation outcomes that would not have happened otherwise.

Timeframe, the offset gain should last at least as long as the impact being addressed which in most cases means in perpetuity.

Uncertainty, offsets must account for uncertainty by clearly documenting data sources, assumptions, and knowledge gaps.

Monitoring and evaluation, continued surveys of impacts and offset activities to measure the losses and gains that have actually transpired.

Governance and permanence, legal, institutional and financial measures must be in place to ensure the effective design and implementation of offset schemes. The mitigation hierarchy framework should be embedded in landscape and seascape level planning and legislation.

Where can I get more information?

IUCN Biodiversity Offsets
<https://www.iucn.org/offsets>

IUCN Global Business & Biodiversity Programme
 Email: biobiz@iucn.org
https://twitter.com/IUCN_business