



**International
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Biodiversity Offsets - Overview of the revised Performance Standard 6 and initial experiences

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Presentation

- Performance Standard 6 - requirements with respect to biodiversity offset
- Initial experiences
- Thoughts & ideas

Performance Standard 6

Biodiversity Conservation and Sustainable Management of Living Natural Resources

Objectives

- To protect and conserve biodiversity
- To maintain the benefits from ecosystem services
- To promote the sustainable management of living natural resources

Requirements for forestry / agribusiness sectors only

Where were biodiversity offsets referenced in PS6 2006?

- Referenced as a potential mitigation measure to obtain no net loss, where feasible, in natural habitats
- Paragraph reference in critical habitats, which circled back to natural habitats for ‘lesser impacts’

Where are biodiversity offsets referenced in PS6 2012?

- General requirements - Mitigation hierarchy
- In the overarching requirements for the Protection and Conservation of Biodiversity
 - Referenced in natural habitat requirements
 - Referenced in critical habitat requirements

Where are biodiversity offsets referenced in PS6 2012?

- General requirements - Mitigation hierarchy - para. 7

“As a matter of priority, the client should seek to avoid impacts on biodiversity and ecosystem services. When avoidance of impacts is not possible, measures to minimize impacts and restore biodiversity and ecosystem services should be implemented...”

Note: (new) avoidance requirements are further emphasized in natural and critical habitat requirements (not covered in this presentation)

Overarching requirements for the Protection and Conservation of Biodiversity (PS6 2012)

- Para. 10 contains the primary reference to biodiversity offsets

*“For the protection and conservation of biodiversity, **the mitigation hierarchy includes biodiversity offsets**, which may be considered only after appropriate avoidance, minimization, and restoration measures have been applied.”*

Overarching requirements for the Protection and Conservation of Biodiversity (PS6 - 2012, para. 10)

- Measurable conservation outcomes reasonably expected to result in no net loss and preferably a net gain of biodiversity. Net gain is required in critical habitats
- Must be demonstrated “on-the-ground” and on an appropriate geographic scale
- The design must adhere to the “like-for-like or better” principle (“trading-up” in certain circumstances)

Overarching requirements for the Protection and Conservation of Biodiversity (PS6 - 2012, para. 10)

- Must be carried out in alignment with best available information and current practices
- External experts with knowledge in offset design and implementation must be involved.

Requirements for Natural Habitat

If Project will significantly degrade or convert habitat, the client must:

- Demonstrate that there are no other alternatives within the region to develop the Project on modified habitats
- Conduct stakeholder consultation to established the views of stakeholders on conversion / degradation
- Any conversion or degradation mitigated according to the mitigation hierarchy
- Mitigation measures will be designed to achieve *no net loss, where feasible*, includes:
 - Protection of areas within the concession (“set-asides”)
 - Measures to minimize habitat fragmentation (corridors)
 - Habitat restoration
 - Biodiversity offsets

Requirements for Critical Habitat

- No project unless client has demonstrated:
 - Demonstrate that there are no other alternatives within the region to develop the Project on areas that are not critical
 - Project doesn't lead to measurable adverse impacts on identified biodiversity values or on ecological processes
 - Project doesn't lead to net reduction in the global and/or national/regional population of any Critically Endangered or Endangered species over time (mainly IUCN Red List)

Requirements for Critical Habitat

- Mitigations will be designed to achieve **net gains** of those biodiversity values for which critical habitat was designated
- **Biodiversity offsets** may sometimes be necessary to meet critical habitat requirements
- The project's mitigation strategy will be described in a **Biodiversity Action Plan**
- A biodiversity **monitoring and evaluation program** must be developed

Natural and critical habitat references to biodiversity offsets - Summary

- For **natural habitat**, biodiversity offsets are still mentioned as a potential mitigation measures to obtain no net loss (para. 15)
- For **critical habitat**, the following applies (para. 19):
“In instances where biodiversity offsets are proposed as part of the mitigation strategy, the client must demonstrate through an assessment that the project’s significant residual impacts on biodiversity will be adequately mitigated to meet the requirements of paragraph 17.”

Are biodiversity offsets now “required” by PS6?

- **Not necessarily**
- Instead - *When biodiversity offsets are proposed, as a last resort, to mitigate for significant residual impacts, there are requirements for their implementation*
- PS6 requirements were influenced by BBOP’s pioneering work on this topic as well as industry practice
- GN6 recognizes BBOP’s standard as good international practice and is open to other forms of good practice as defined by, for example, governments (e.g. USA, Australia, S. Africa), by other conservation groups (e.g., TNC) or by industry (e.g., companies / industry groups adopting>NNL / NPI)

Initial Experiences (I)

- Innovative forms of mitigation beyond the project site are now being considered (on the landscape scale)
- Companies are open to the discussion and are contributing to the dialogue
- The mitigation hierarchy as a whole drives better site selection and smaller footprints - companies wanting to avoid high biodiversity value areas in the first place
- Some companies still unclear of the diversity of offset possibilities (e.g., averted offset risk and conservation “outcomes”) rather than traditional “creation of new area”

Initial Experiences (II)

- Primary challenge is not on the technical definition of offsets but on the implementation and long-term management of offsets
- Mechanisms need to be put in place to coordinate efforts (and mobilize financing) between the private sector and the public sector
- Biodiversity offsets are more about managing communities and livelihoods than about managing biodiversity per se
- Biodiversity offsets contributing towards the development of “Sustainable Landscapes”

Thoughts & Ideas

- Defining a more standard approach to the “process” of defining offsets:
 - **Theoretically Feasible** - what percentage of species or habitat is going to be impacted? (“pre-feasibility”)
 - **Technically Feasible** - are there organizations, protected areas and people to get these gains? (“feasibility”)
 - **Politically Feasible** - who is going to do this? Implementing partners? Will governments be involved?
 - » Adapted from The Biodiversity Consultancy [TBC], Cambridge, UK
- Offsets assessment primarily outside of standard ESIA? (case-specific)
- Defining an Offsets “Options Paper”, Offsets Strategy, Offsets Management Plan(s)

Thoughts & Ideas

- NBSAP framework as ‘source’ of offsets in some cases
 - Pre-existing government approved plan
 - Focus on the most important conservation priorities
 - National targets in place
 - Lower transaction costs / availability for partners / co-finance options
 - Challenges - varying stakeholder acceptance, additionality issues, like-for-like / equivalence issues, apportioning gains between actors, etc.
- Defining ‘networks’ of offsets in pilot countries in which companies could invest into - streamlining possible?
 - Using the KBA network, for example, (identified using globally standardized criteria through bottom-up process) - ranking of sites / offsets ‘categories’
 - Challenges similar to the above

» Adapted from The Biodiversity Consultancy [TBC],
Cambridge, UK

Finally....

- We - *the financial institutions, conservation organizations, governments and industry* - working in this space are part of a growing Community of Practice
- More and more, all in this Community of Practice are seeking ways to ultimately deliver conservation outcomes
- New mechanisms are needed and innovation is essential
- Important to work collectively, share experience and seek solutions from various partners

Thanks and Discussion

