Net Positive Impact and Offset Design

Jon Ekstrom
Director
The Biodiversity Consultancy, Cambridge, UK
IAIA, IDB Washington 7th February 2013
jonathan@thebiodiversityconsultancy.com
www.thebiodiversityconsultancy.com

Jared Hardner
Director
Hardner Gullison Associates
IAIA, IDB Washington 7th February 2013
jared@hg-llc.com
www.hg-llc.com

Francisco Dallmeier
CCES Director
Smithsonian Institution
IAIA, IDB Washington 7th February 2013
dallmeierf@si.edu
What is NPI forecasting?

• NPI forecasting is a quantitative GIS-based spatial approach to assessing the net impact of a project from cradle to grave

• It optimises allocation of effort across avoidance, minimisation, restoration and offsetting in the mitigation hierarchy

• It ensures the type and scale of offsetting is commensurate with the residual impacts
1. Select which types of biodiversity to include in accounting

2. Select a metric or metrics

3. Fix a time period e.g. 2012-2030

4. Quantify residual losses once the mitigation hierarchy has been followed

5. Quantify biodiversity gains available through offsets

6. Apply the principles of No Net Loss (Additionality, Equivalence, Permanence etc)

Net Positive Impact Forecasting

...... to optimise allocation of effort across the mitigation hierarchy

...... to ensure offsetting equivalent to residual losses
And projected over time

![Graph showing cumulative QH gains/impacts measured in QH over time (2004-2065). The graph includes different offsets and restoration impacts, with labels for Bemangidy offset, Littoral offsets, Restoration, Increased AZ quality, Averted loss in AZs, and Impacts.](image-url)
Net Positive Impact Forecasting first piloted in Madagascar in 2010

- Now joint published by IUCN and Rio Tinto
- Based on quantitative Net Positive Impact forecast 2004-2065

Like for like = 1,900 ha

Like for Better Offsets = 10,000 ha

Impacts : 6,000 ha

Mandena

Ecological restoration: 675ha

Petriky

Avoidance: 624ha

The 2065 Net Positive Impact Landscape Vision
What are the inputs of NPI forecasting?

- High quality site and landscape level baseline:
  - Priority species, habitats, ecosystem services understanding
  - GIS Layers
- Reliable infrastructure GIS layers
- Appropriate estimates of residual impacts (e.g. buffers around infrastructure for indirect loss)
What are the outputs and benefits of NPI forecasting?

• Transparent accounting lines for each priority biodiversity value
• A quantitative figure for “unmitigated impacts”
• Optimisation of allocation of $ per bug across the mitigation hierarchy
• A quantitative assessment of residual impacts for each priority biodiversity values
• Offset site selection and offset project design requirements to ensure the “type and scale of offsetting is commensurate with the impacts” with the aim of net positive impact.
Offset Design

1. Stakeholder consultation: are offsets a reasonable idea in this context?

2. Offset screening
   1. Residual impacts
   2. Which sites are available?

3. Offset scoping
   1. Technically feasible conservation interventions
   2. Politically feasible projects at chosen sites

4. Offset Approval
   1. Government
   2. Stakeholders

The Offset Feasibility Funnel
- an options analysis tool to optimize offset design

- What sites exist?
  - distribution of species + habitats

- What proven conservation tools / methods exist?

- Where can such tools work politically / socially / economically?

Increasing certainty of offset success
Fewer sites as options
Challenges in offset design and implementation

Front End

• Lack of spatial baseline information
• Residual impact assessment
• Timelines! What level of certainty required to approve projects under no net loss regime?
Back End

• Field implementation
  – Lack of available capacity and expertise to implement
  – Third party verification

• Lack of national conservation targets

• Lack of national conservation banks

• Lack of global framework for “limits to what can be offset”
Spare slides
Filter offset sites and projects through biological, social and political assessments
Activities

- Residual impacts on biodiversity (species and habitats) calculated
- Scope available offset sites in the region or country
- Screen potential offsets sites against additionality, social, economic, and political criteria
- Consider appropriate type of conservation intervention
- Conduct biodiversity accounting on candidate offset sites
- Regulator/stakeholder negotiations and approval of preferred offset sites

Outputs

- Broad offset goals identified
- Potential offset sites list
- Candidate offset projects list
- Preferred offset projects list
- Final offset projects selection

Phases:

1. Offset Scoping
2. Offset Screening
3. Biodiversity Accounting
4. Final Approval and Selection

Enter offset implementation process
National Conservation Banks

• National conservation banks are biodiversity sites conserved in the long term and used to offset current and future developments in a country.

• Can solve several challenges and barriers:
  – Costs – individual offsets can be too expensive for individual developers
  – Landscape level planning
  – Like for like vs trading up
  – Greatest conservation outcome per dollar

• National conservation targets allow cap and trade type systems to develop beneath a capped cumulative impact for the entire country.
A process for assessing the offsetability of biodiversity impacts

John D. Pilgrim¹, Susie Brownlie², Jonathan M. M. Ekstrom³, Toby A. Gardner⁴, Amrei von Hase⁵, Kerry ten Kate⁶, Conrad E. Savi⁷, R. T. Theo Stephens⁸, Helen J. Teniente⁹, Jo Treweek⁹, Graham T. Ussher⁹, & Gerri Ward⁹

¹ The Biodiversity Consultancy, 72 Trumpington Street, Cambridge CB2 1RT, UK
² do Villiers Brownlie Associates, 31 Main Avenue, Claremont 7701 South Africa
³ Department of Zoology, University of Cambridge, Downing Street, Cambridge CB2 1HE, UK
⁴ Forest Trends, 1203 19th Street NW, 4th Floor, Washington, DC 20006, USA
⁵ Center for Environmental Leadership in Business, Conservation International, 2611 Crystal Drive, Suite 500, Arlington, VA 22202, USA
⁶ Landcare Research, Private Bag 9130, Dunedin, New Zealand
⁷ Treweek Environmental Consultants, Chilton Cottage, Kertesmoere, Gulliston, Devon EX1 5ZG, UK
⁸ Tonkin & Taylor Ltd, PO Box 5211, Wellesley Street, Auckland 1141, New Zealand
⁹ Department of Conservation, 1632 Manners St, Wellington 6011, New Zealand

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Correspondence
John D. Pilgrim, The Biodiversity Consultancy, 72 Trumpington Street, Cambridge CB2 1RT, UK. Tel: +44 1223 364208. E-mail: john.pilgrim@thebiodiversityconsultancy.com

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Abstract
Biodiversity offsetting is increasingly being used to reconcile the objectives of conservation and development. It is generally acknowledged that there are limits to the kinds of impacts on biodiversity that can or should be offset, yet there is a paucity of policy guidance as to what defines these limits and the relative difficulty of achieving a successful offset as such limits are approached. In order to improve the consistency and defensibility of development decisions involving offsets, and to improve offset design, we outline a general process for evaluating the relative offsetability of different impacts on biodiversity. This process culminates in a framework that establishes the burden of proof necessary to confirm the appropriateness and achievability of offsets, given varying levels of conservation concern for affected biodiversity; residual impact magnitude; opportunity for suitable offsets; and feasibility of offset implementation in practice. Rankings for biodiversity conservation concern are drawn from existing conservation planning tools and approaches, including the IUCN Red List, Key Biodiversity Areas, and international bank environmental safeguard policies. We hope that the proposed process will stimulate much-needed scientific and policy debate to improve the integrity and accountability of both regulated and voluntary biodiversity offsetting.

Introduction
Biodiversity offsets are widely recommended (e.g. IAIA 2005) to compensate for residual losses of biodiversity due to development impacts through commensurate gains. Established principles (e.g. BBOP 2012a) state that gains through offsets must be achievable “on the ground.” It is therefore necessary to demonstrate that offsets are both appropriate (balance biodiversity losses and gains) and deliverable. Decisions concerning development consent or funding invariably depend on a subjective weighing of social, economic, and environmental impacts against benefits, where residual impacts may be compensated for by offsets. We aim to improve the consistency and defensibility of such decisions, and the overall offset design process, by providing guidance on the relative “offsetability” of biodiversity impacts; i.e. the appropriateness of risks to biodiversity and achievability of offsets.

It is generally accepted that there are limits to what can be offset on a like-for-like basis: some residual impacts cannot be fully offset owing to the inherent vulnerability or irreplaceability of affected biodiversity (BBOP 2012a). At the extreme, offsets would not be possible for impacts that cause global extinction (BBOP 2012a), but there are other cases where they may be considered...
Burden of proof framework of offset risk

- **Class 4**: Offset with a relatively low standard of proof ("balance of probability")
- **Class 3**: Offset with a reasonable standard of proof ("clear and convincing evidence")
- **Class 2**: Offset with a high standard of proof ("beyond reasonable doubt")
- **Class 1**: Offsets unlikely to be appropriate
Spare slides
(i) Assess biodiversity conservation concern (Table 1)
Vulnerability: are already-threatened species or ecosystems at risk?
Irreplaceability: are large proportions of species or ecosystems at risk?

(ii) Assess residual impact magnitude
Severity: what is the intensity of impacts?
Extent: what proportion of each biodiversity feature is impacted?
Duration: how long will impacts last?

(iii) Assess offset opportunity
Natural distribution: will offsets be located where affected biodiversity is naturally found?
Functional area: does affected biodiversity (requiring offsets) perform any geographically-restricted functions (e.g. connectivity)?
Availability of offset options: are sufficient comparable, additional offsets available for biodiversity to be offset for appropriate timescales?

(iv) Assess offset feasibility
Confidence in offset delivery techniques, adequacy of plans: how likely are offset methods (e.g. restoration or conservation) to lead to required biodiversity gains?
Offset implementation capacity: are offset implementers likely to do a good job?
Developer capacity: are developers likely to do a good job?
Financing: is sufficient funding secured for the offset duration?
Timeliness: can offsets be implemented without time lags between impacts and offset gains affecting biodiversity viability?

(v) Combine residual impacts (iii), offset opportunity (iii) and offset feasibility (iv) to categorise likelihood of offset success (Table 2)

(vi) Combine biodiversity conservation concern (i) and likelihood of offset success (v) in a burden of proof framework (Fig. 2)
Government Offset policies are rising rapidly

Figure 1 Cumulative rise in number of nations/states/provinces with offset legislation/policies (blue line) or with enabling legislation/policies/guidance (red line). From TBC (2012)

Figure 1: Countries with offset policies and offset enabling policies. Further policies may exist in development which have not been identified in the current research programme.

Corporate No Net Loss policies are rising rapidly

**Figure 2** The rise in No Net Loss-type commitments in the private sector 2000-2012. There are currently 38 companies with No Net Loss type commitments, including 15 from the mining and aggregates sectors. From TBC (2012)

Thankyou