



# Proteus Partners Meeting 2013

## Houston, TX, USA



# Biodiversity in national and international policy: an update

Matt Walpole UNEP-WCMC



# Key messages

Countries are being encouraged to focus on their biodiversity commitments -

- ❖ Identifying priority areas and meeting targets
- ❖ Re-framing around ‘natural capital’
- ❖ ‘Mainstreaming’ into finance and development planning

The logo for the United Nations Decade on Biodiversity (2011-2020). The numbers '2011-2020' are rendered in a stylized, green, rounded font. Each digit contains a white silhouette of a different species: a fish, a stork, a person, a tree, a bee, a bird, and a bear. Below the numbers, the text 'United Nations Decade on Biodiversity' is written in a bold, green, sans-serif font.

**United Nations Decade on Biodiversity**



# Timeline

✓ 2010: Agreeing the strategy, goals, targets

✓ 2012: Considering financing

✓ 2014: Data and accountability

# 2020 Strategic Goals and Targets

AGREED AT COP-10, NAGOYA, OCTOBER 2010



## Strategic goal C:

To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity

### Target 11:

By 2020, at least **17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas**, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes



Convention on  
Biological Diversity

# 2020 Strategic Goals and Targets

AGREED AT COP-10, NAGOYA, OCTOBER 2010



## Strategic goal A:

Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society

## Target 2:

By 2020, at the latest, **biodiversity values** have been integrated into national and local development and poverty reduction strategies and planning processes and **are being incorporated into national accounting**, as appropriate, and reporting systems.



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# 2020 Strategic Goals and Targets

AGREED AT COP-10, NAGOYA, OCTOBER 2010



## Strategic goal A:

Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society

## Target 4:

By 2020, at the latest, Governments, business and stakeholders at all levels have taken steps to achieve or have implemented plans for **sustainable production and consumption** and have kept the impacts of **use of natural resources well within safe ecological limits.**



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# Global initiatives bringing science to policy are flourishing



And at country level there is a renewed focus on national strategies



**Target 17:**

By 2015, each Party has developed, adopted as a policy instrument, and has commenced implementing an effective, participatory and updated national biodiversity strategy and action plan



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# Updating NBSAPs includes protected area commitments



## Strategic goal C:

To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity

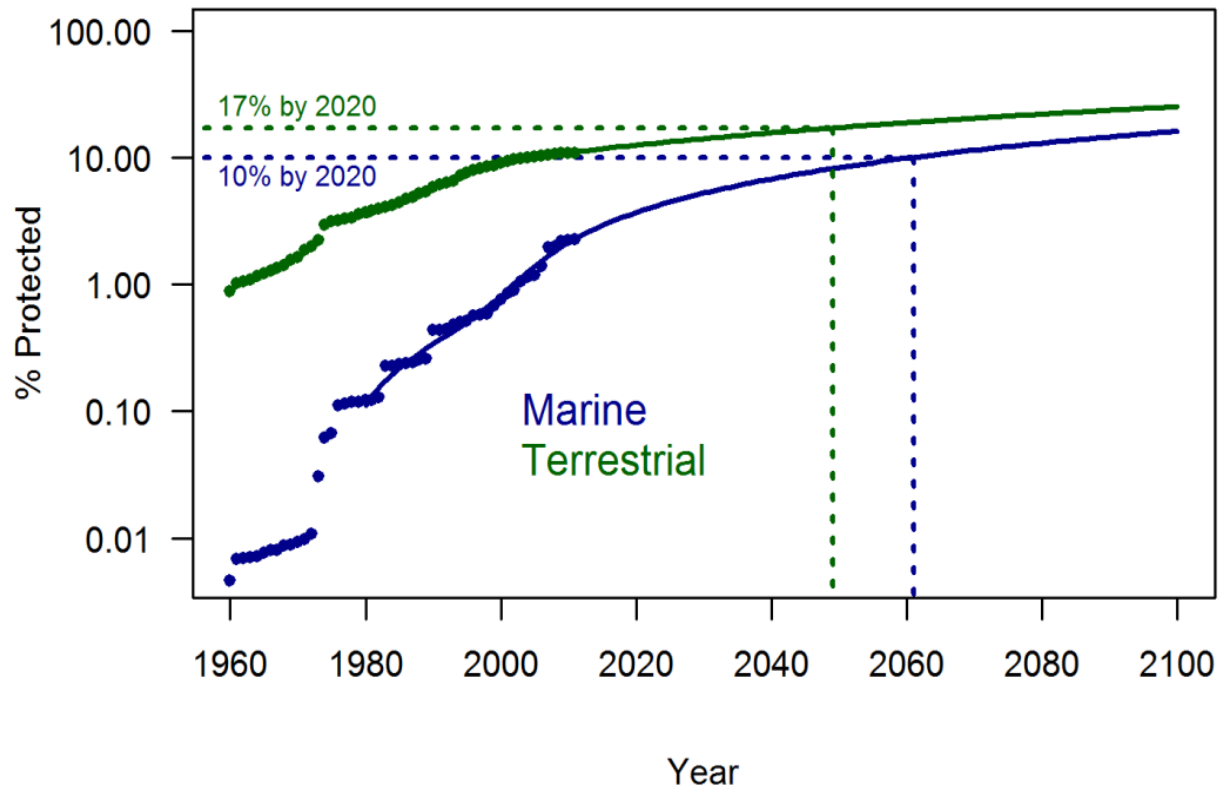
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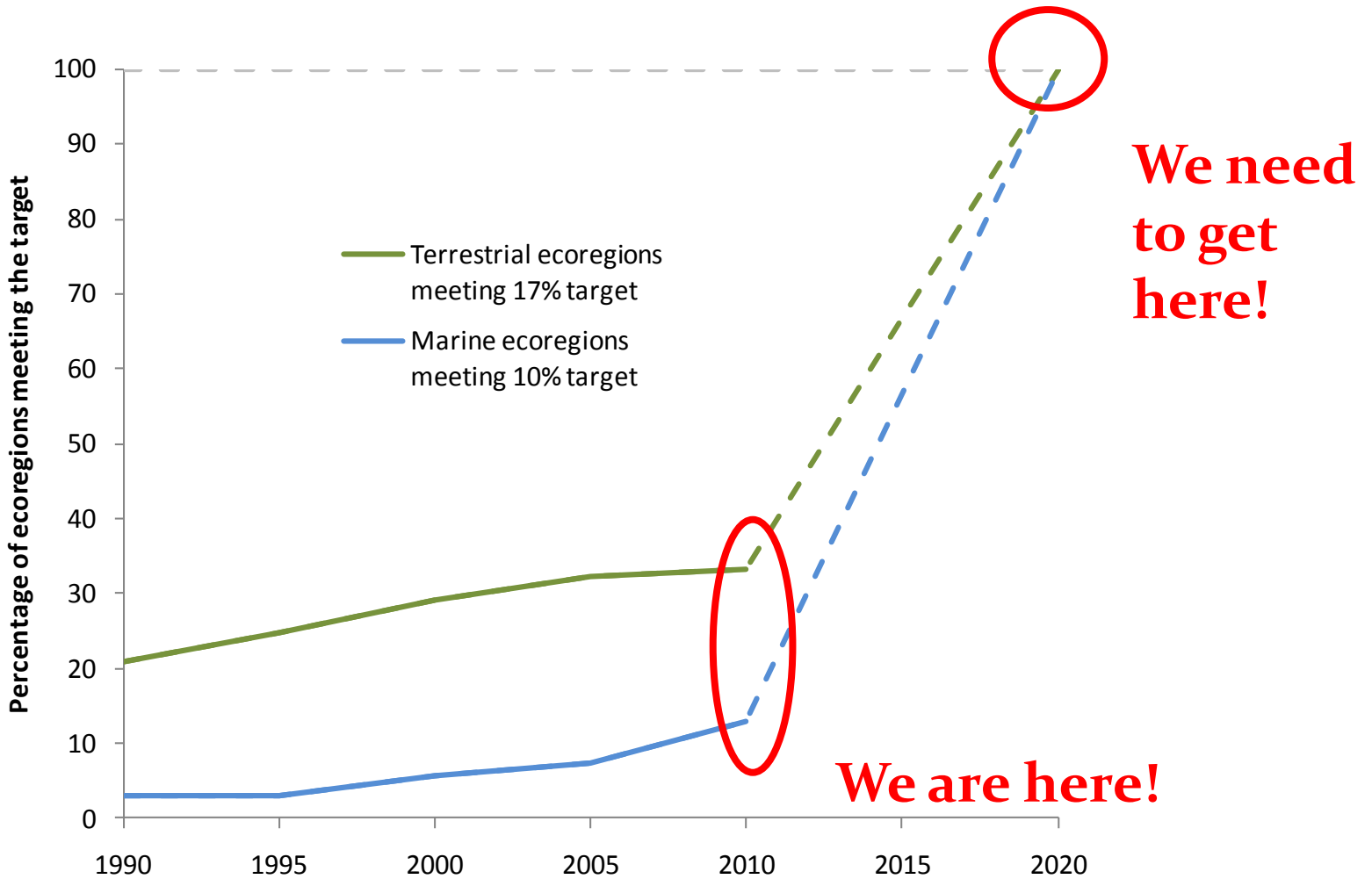


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# At current growth rates the area targets will be missed...

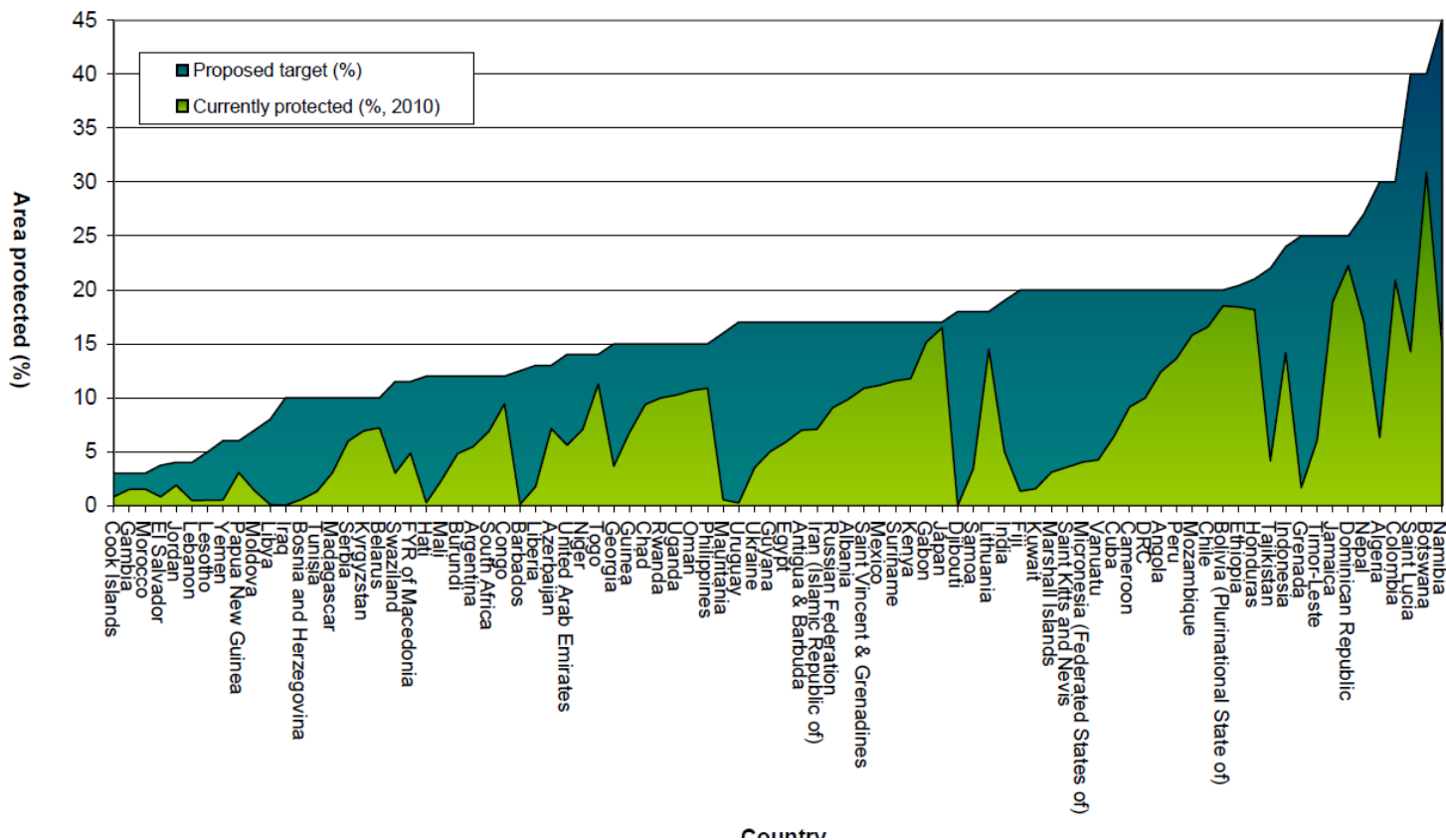


# ...and coverage will remain skewed

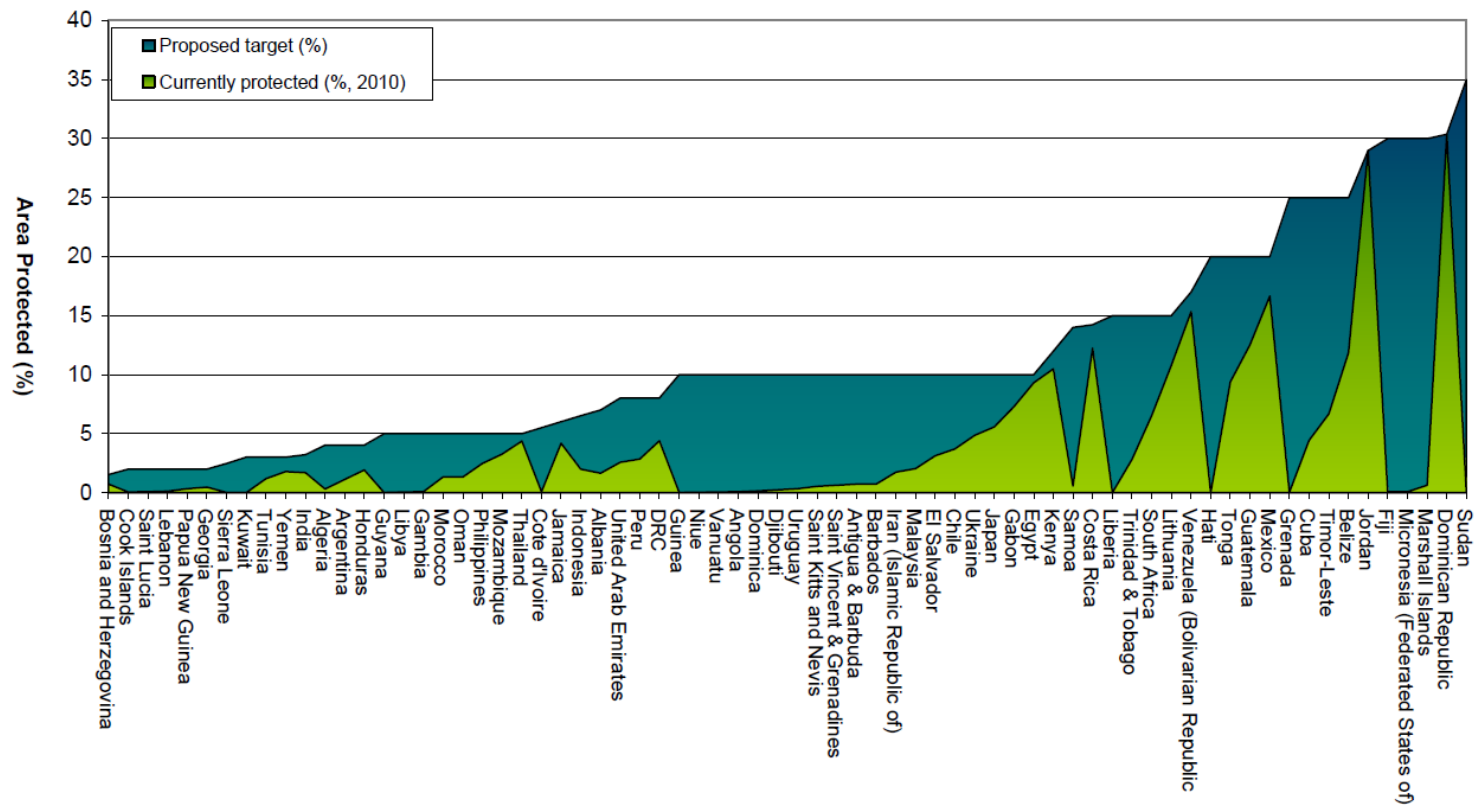


# BUT: A lot of new protected areas proposed on land...

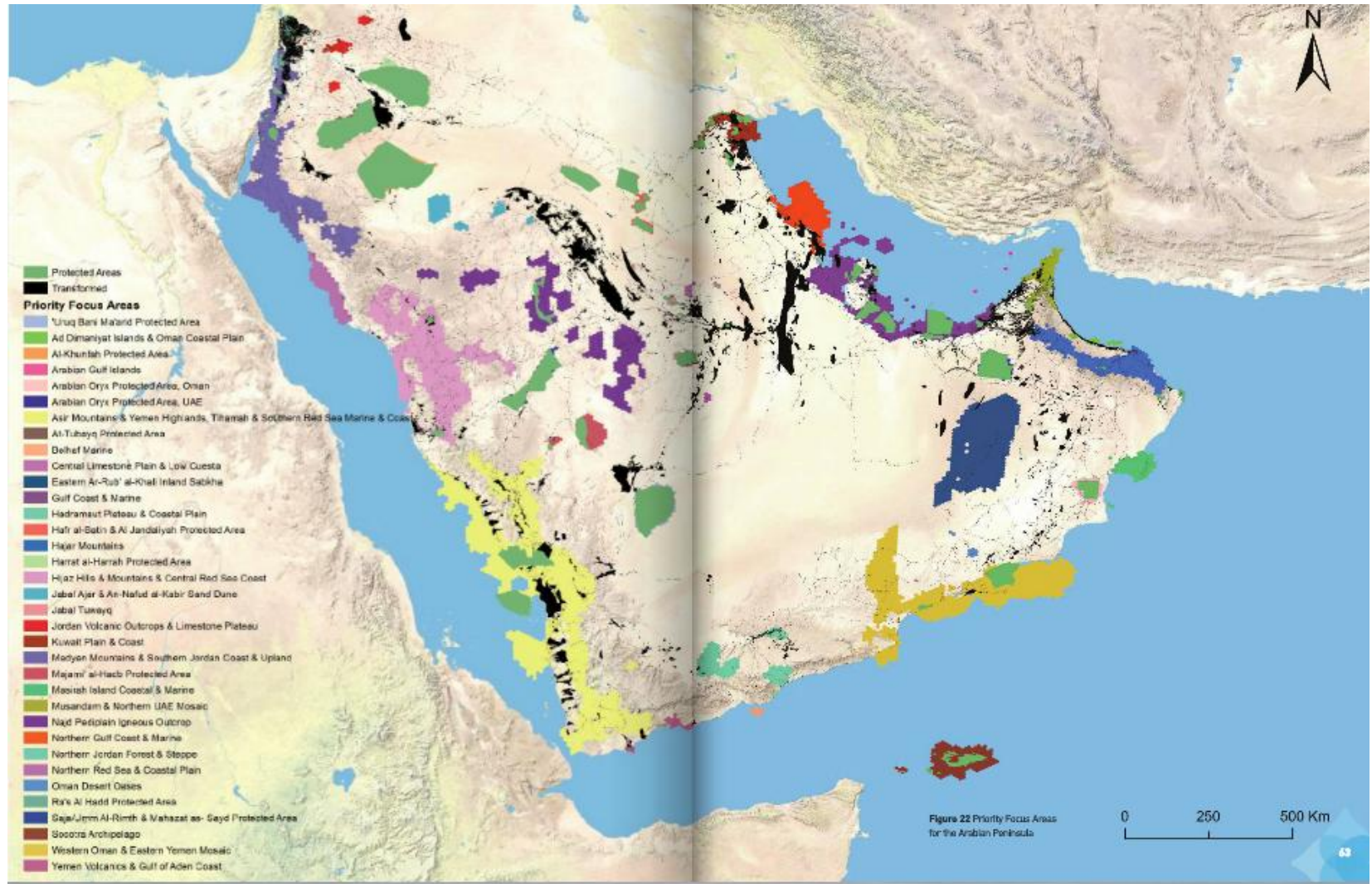
Figure 2. Current and targeted per cent of terrestrial area under protection for 86 countries (source – PoWPA Action Plans, CBD capacity building workshops and 2011 WDPA).



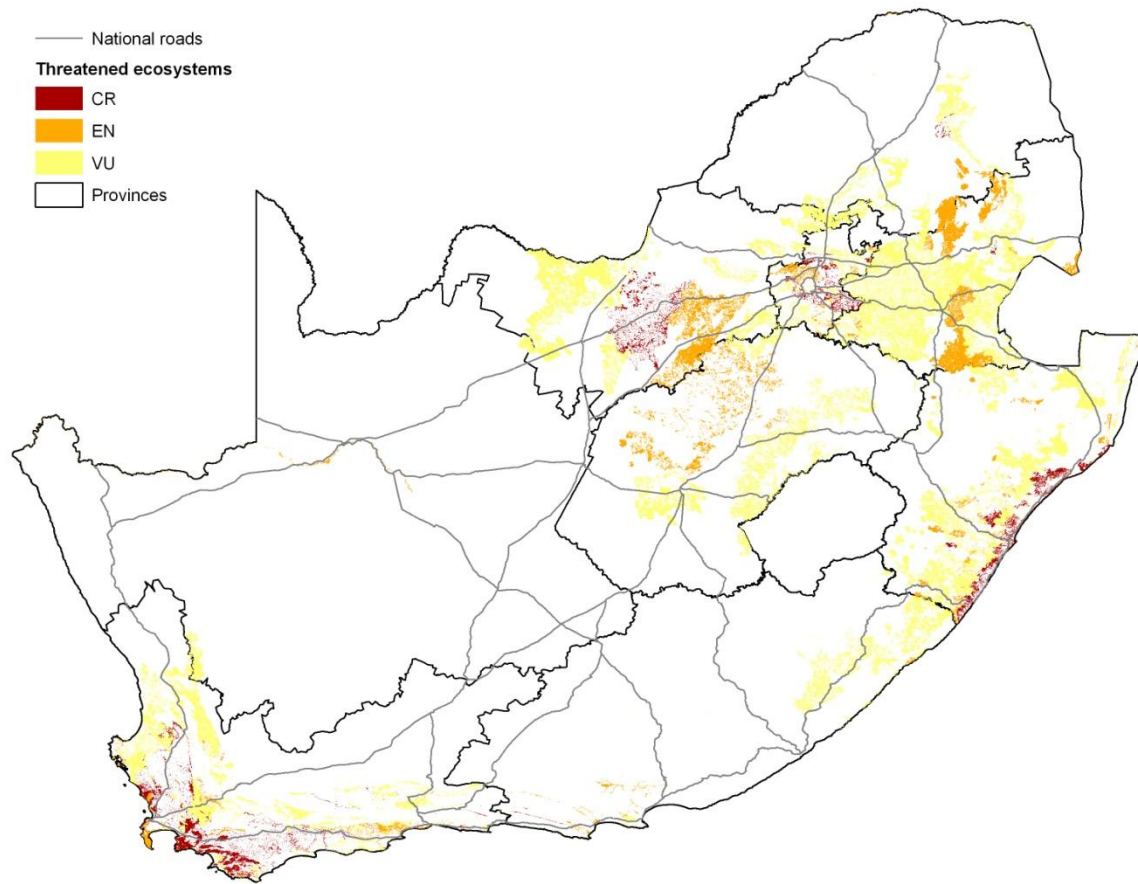
# ...and in the sea...



...with increasing efforts to identify priority areas



...including those most threatened...

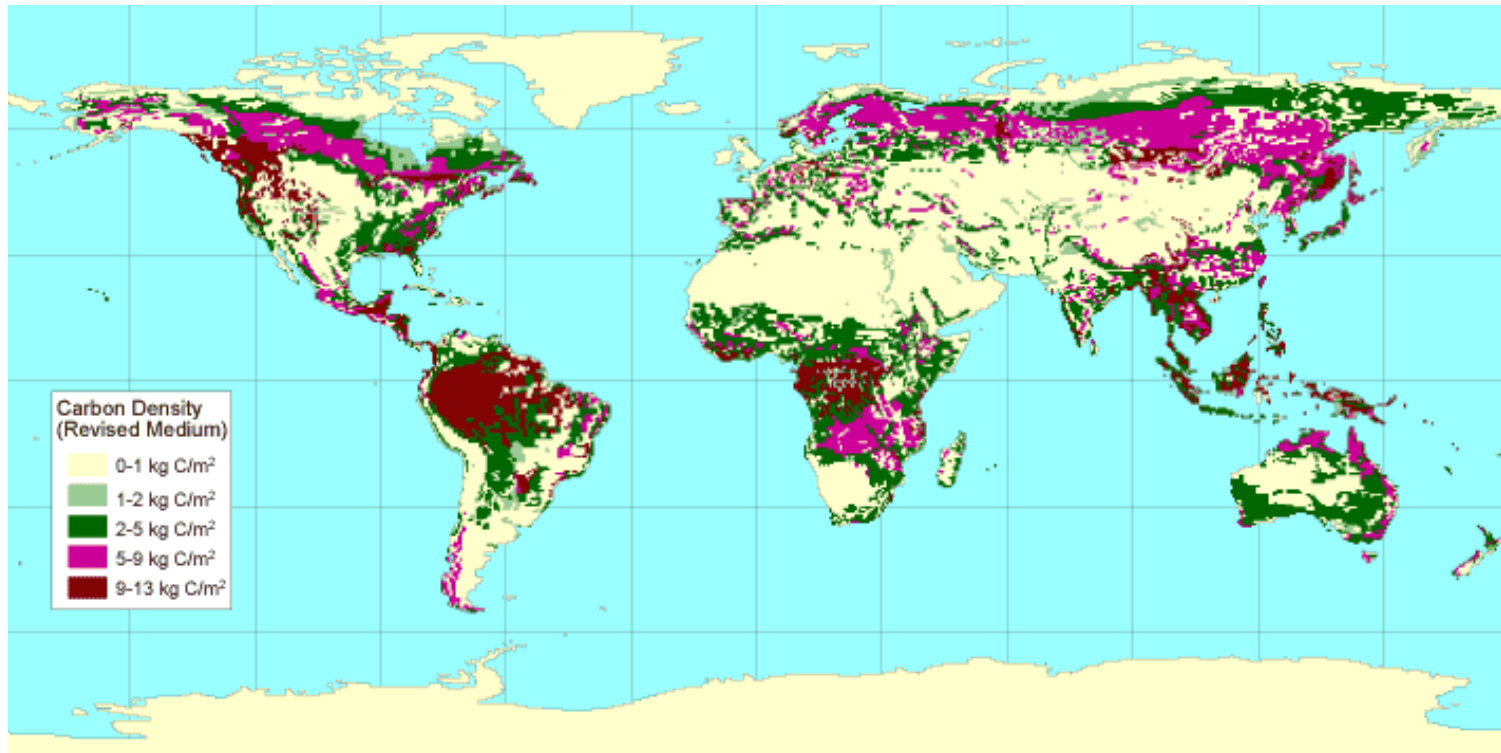


...as well as those important for ecosystem services

# ECOLOGICAL INFRASTRUCTURE

## NATURE DELIVERING SERVICES

# Areas of particular importance for biodiversity and ecosystem services



global carbon storage

# Aichi targets on ecosystem services

AGREED AT COP-10, NAGOYA, OCTOBER 2010



## Strategic goal D:

Enhance the benefits to all from biodiversity and ecosystem services

## Target 14:

By 2020, **ecosystems that provide essential services**, including services related to water, and contribute to health, livelihoods and well-being, **are restored and safeguarded**, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable



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# ...and on restoring degraded land

AGREED AT COP-10, NAGOYA, OCTOBER 2010



## Strategic goal D:

Enhance the benefits to all from biodiversity and ecosystem services

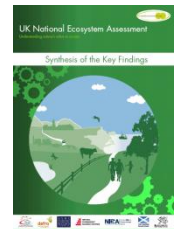
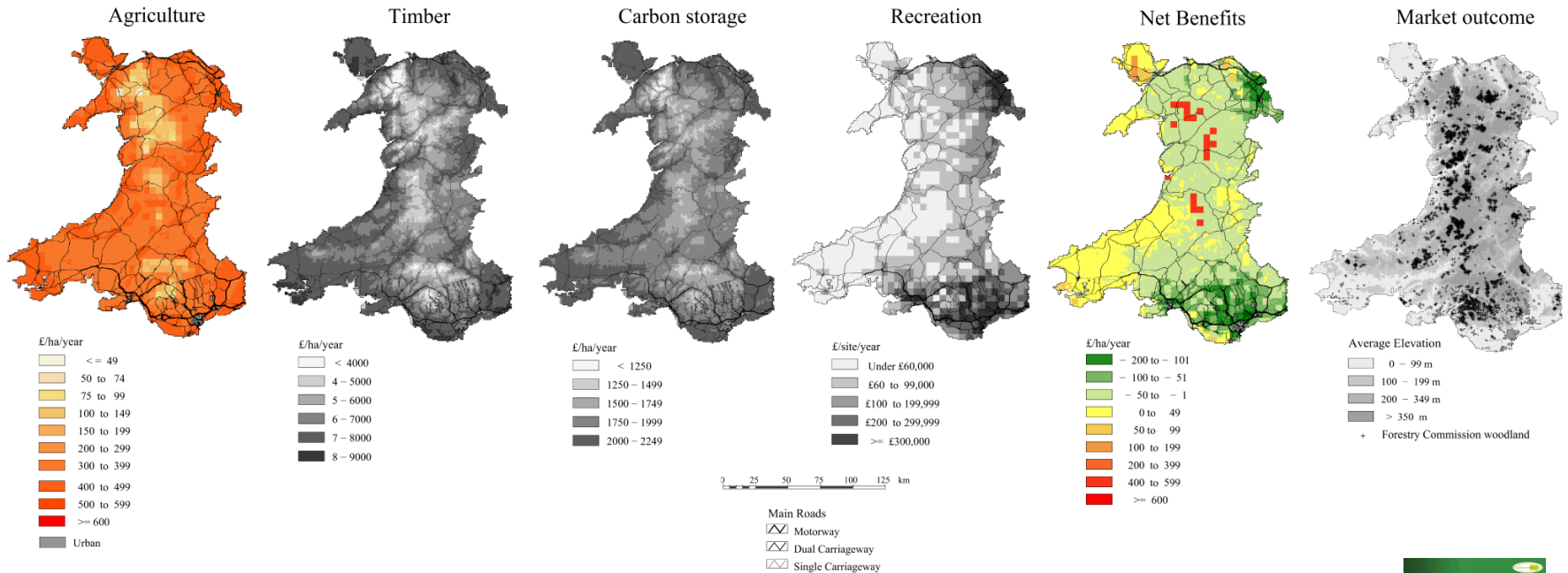
## Target 15:

By 2020, ecosystem resilience and the **contribution of biodiversity to carbon stocks** has been enhanced, through conservation and restoration, including **restoration of at least 15 percent of degraded ecosystems**, thereby contributing to climate change mitigation and adaptation and to combating desertification



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# There are growing efforts to map ecosystem services...



# There are growing efforts to map ecosystem services...

Action 5 of the EU Biodiversity Strategy to 2020 calls Member States to map and assess the state of ecosystems and their services in their national territory by 2014



...which becomes particularly interesting when it is linked to national accounts

Action 5 of the EU Biodiversity Strategy to 2020 calls Member States to map and assess the state of ecosystems and their services in their national territory by 2014 assess the economic value of such services, and **promote the integration of these values into accounting and reporting systems at EU and national level by 2020.**



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# Increasing numbers of countries are committing to national accounting...







At an event at the Rio+20 Conference on Sustainable Development in 2012, over fifty countries and 86 private companies have joined forces behind the move to factor the value of natural assets into their decision-making

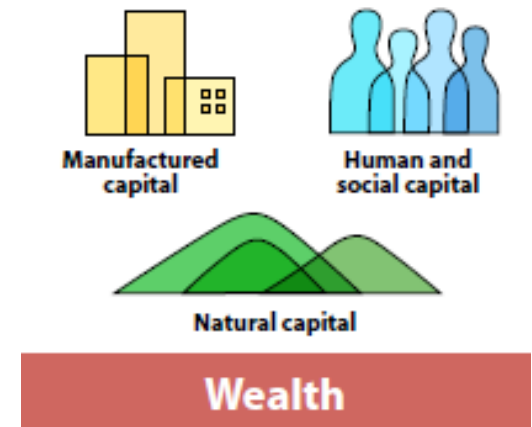


**RIO+20**  
United Nations  
Conference on  
Sustainable  
Development

# ...and acting on it

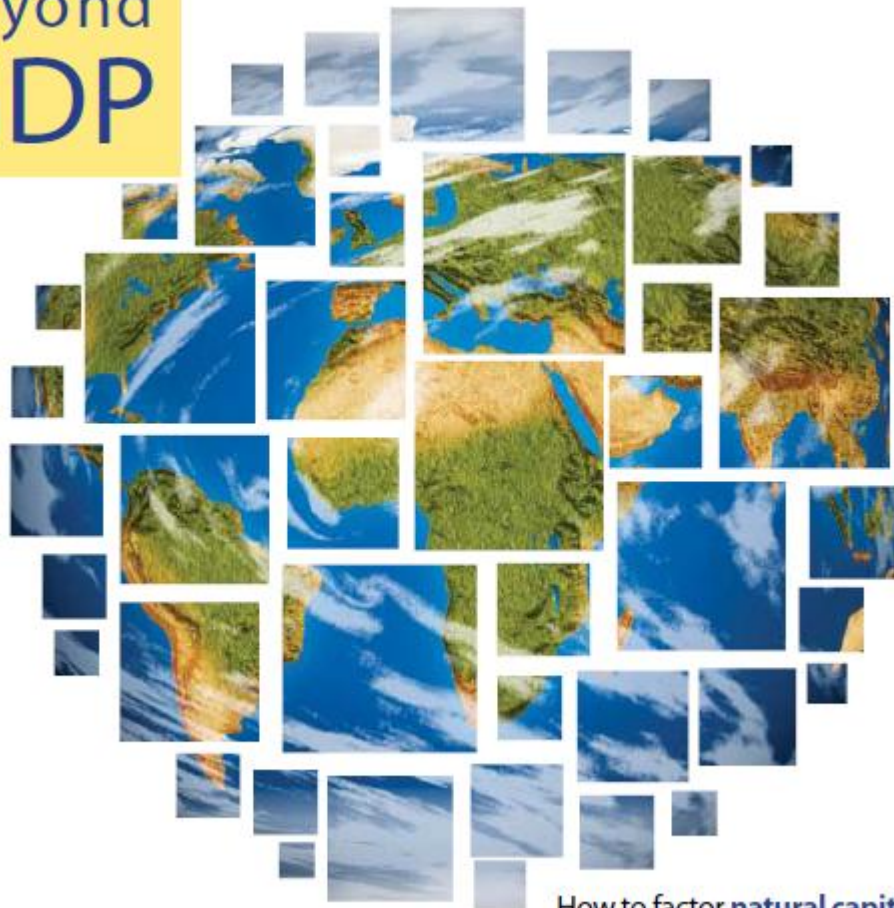
## GDP Doesn't Measure...

-  Wear and tear and depreciation resulting from using produced assets like factories, roads, and bridges.
-  Loss of natural areas that provide ecosystem services to the economy, like pollination.
-  Extent to which renewable resources like forests and fisheries are being depleted.
-  Depletion of minerals and mineral fuels.
-  Future losses resulting from greenhouse gas emissions – sea level rise, extreme weather, and agricultural losses.
-  Future economic losses when pollution leads to premature deaths and chronic disease.



## A new balance sheet for a country

# Moving Beyond GDP

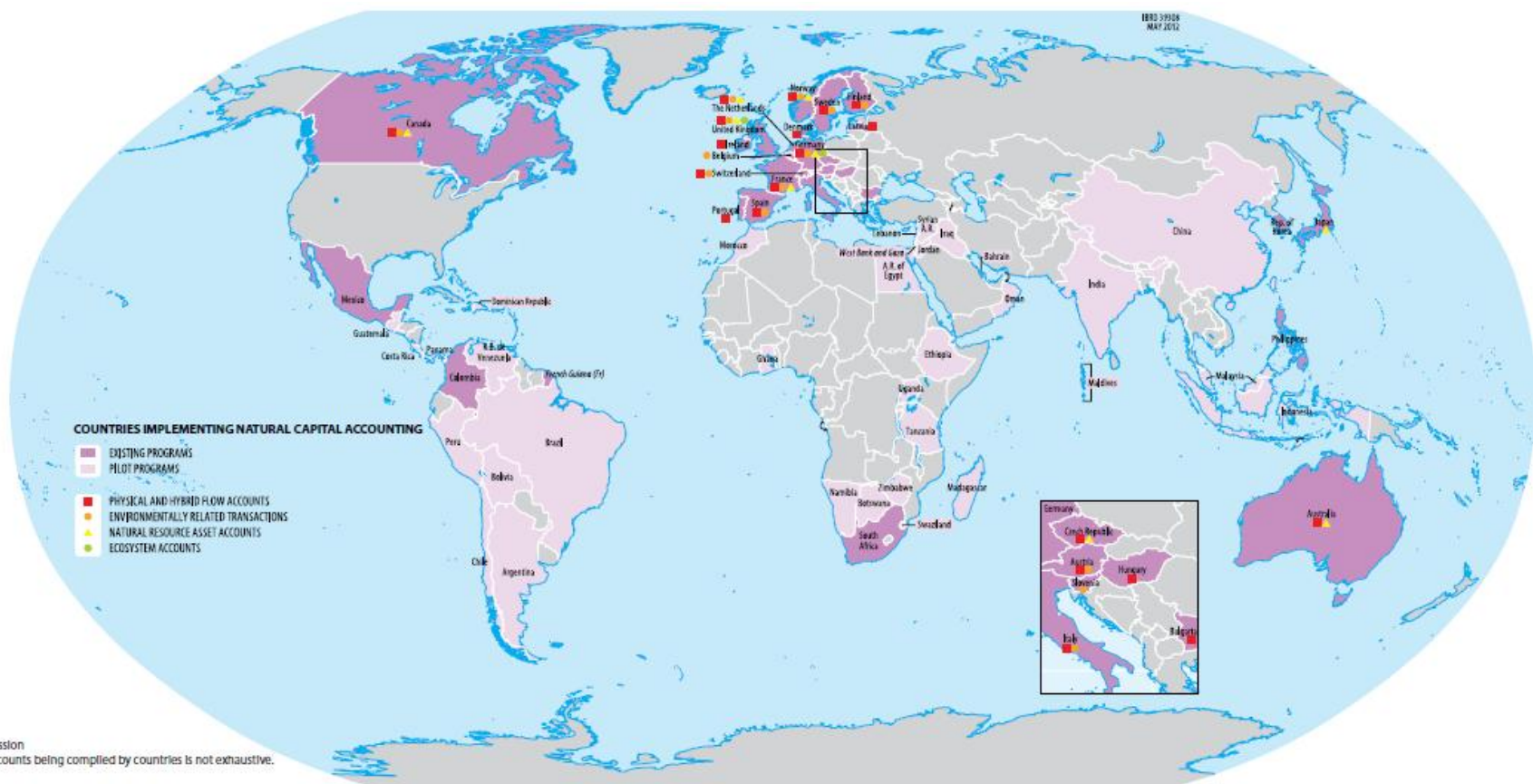


How to factor **natural capital** into  
economic decision making



**WAVES**

*Wealth Accounting and  
the Valuation of Ecosystem Services*



Source: UN Statistics Commission  
 Note: The information on accounts being compiled by countries is not exhaustive.



GREEN



JOBS



Work opportunities created in environmental rehabilitation programmes since 1995



Jobs created through formal conservation of protected areas



Jobs supported by the fishing industry



Jobs in game ranching and ecotourism

Green jobs, green growth, green economy

# Towards a universal post-2015 agenda



Putting sustainable development at the core

# Towards a universal post-2015 agenda



Putting sustainable development at the core

# Key messages

Countries are being encouraged to focus on their biodiversity commitments -

- ❖ Identifying priority areas and meeting targets
- ❖ Re-framing around ‘natural capital’
- ❖ ‘Mainstreaming’ into finance and development planning



# Proteus Partners Meeting 2013

## Houston, TX, USA



# Emerging government biodiversity offset policies and their implications for business

Which countries? How many policies? What requirements?  
Risks and Opportunities for business?

Jon Ekstrom, Director, TBC

[jonathan@thebiodiversityconsultancy.com](mailto:jonathan@thebiodiversityconsultancy.com)

# Industry Briefing Note – Government Offset Policies

- Where offset policies exist
- How rapidly they are emerging
- Differences in offset policy requirements
- Risks and opportunities for business

[http://www.thebiodiversityconsultancy.com/wp-content/uploads/2012/07/Government-policies-on-biodiversity-offsets\\_June-2013.pdf](http://www.thebiodiversityconsultancy.com/wp-content/uploads/2012/07/Government-policies-on-biodiversity-offsets_June-2013.pdf)

the biodiversity consultancy



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## Government policies on biodiversity offsets

**Executive Summary:** Government environmental policies and legislation increasingly refer to biodiversity offsets as a potential or required tool. This briefing paper outlines which nations possess government offset policies; the growth in such policies over time; broad similarities / differences in policy content and implementation; and the new risks or opportunities posed to industry.

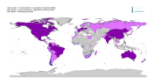
Overall, 17 countries have national level government policies specifically requiring offsets. At least 29 other countries have national policies that suggest or enable the use of offsets. Globally there are at least 97 pieces of offset policy or legislation now in place. There has been a very rapid rise in such policies in the past decade. Australia, New Zealand, South Africa and North America have some of the most advanced legislation. Policies have similar high level goals to compensate for residual impacts, but differ in the objectives (e.g. No Net Loss approaches) and implementation requirements (e.g. in lieu fees, habitat banks and custom offsets). Industry risks include potential project delays and increased costs, especially where offset implementation mechanisms are of restricted availability. Opportunities include the competitive advantage of meeting new legislation; turning biodiversity offsets into flagship environmental and community-based projects as part of a corporate CSR portfolio; and transforming offsets into assets through the sale of ecosystem service credits such as forest carbon.

### Where do offset policies exist?

TBC research has identified 56 countries that have or are developing national legislation or policies around offsets. Nineteen countries already have policies or legislation specifically requiring offsets (Figures 1 and 2). At least 29 other countries have legislation or policies, often related to environmental impact assessment, that suggest or enable use of offsets. An additional 15 countries are developing legislation or policies that require or enable the use of offsets. This list is indicative but not exhaustive: research was made exclusively in the English language, and human resources were limited.

Subnational policies or legislation requiring or enabling offsets exists within several of these 56 countries. In total, there are 38 pieces of national, subnational or regional policy or legislation that *require* offsets and there are 38 additional pieces that *enable* them. Australia, Canada and South Africa in particular have several provincial or state policies. An additional policy not covered here but which enables offsets is the EU Biodiversity Strategy "to halt the loss of biodiversity and ecosystem services in the EU by 2020" which applies to all EU countries but has been variously implemented to date.

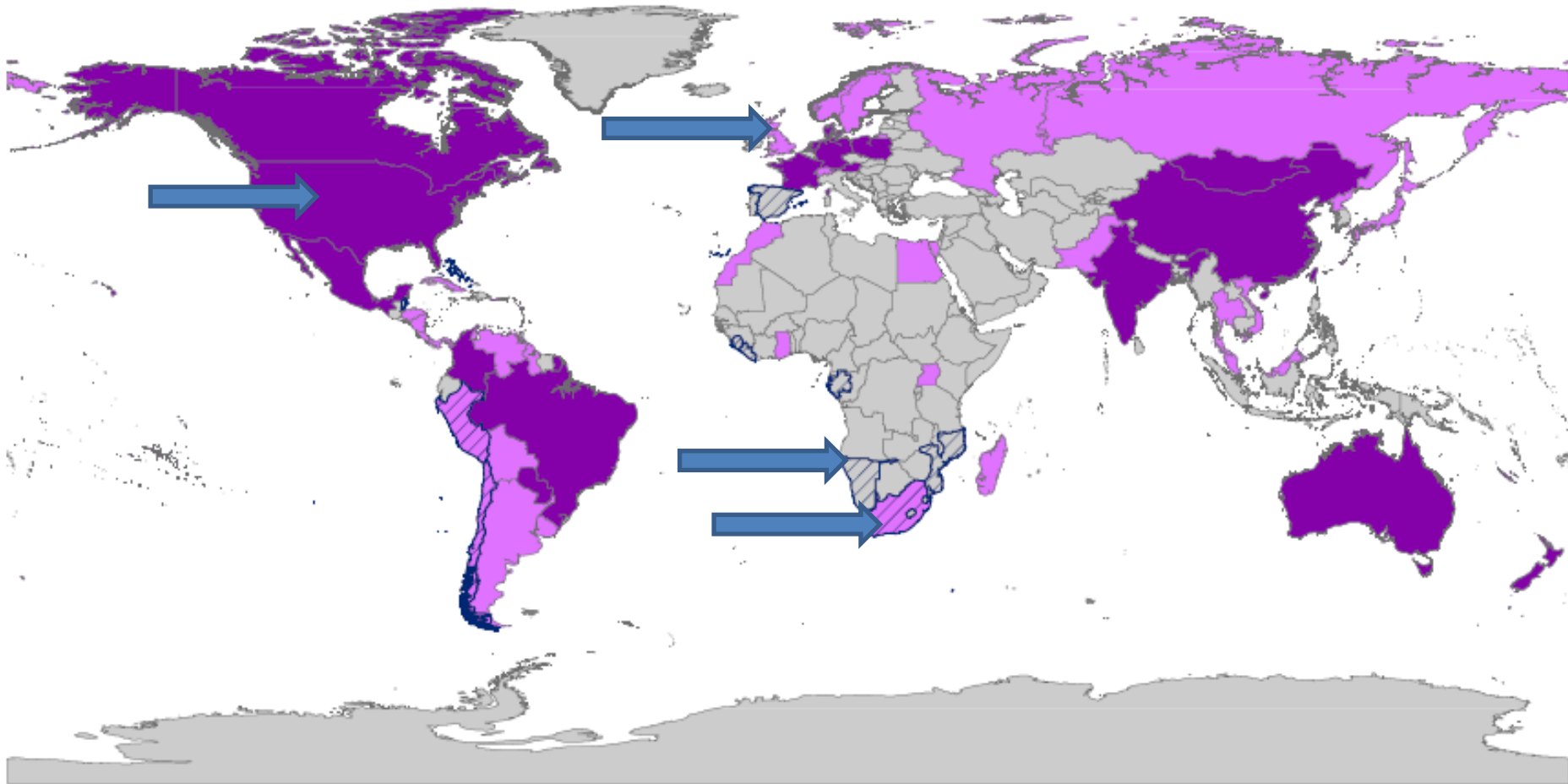
Some of the strongest and most developed policies now exist in Australia, where most states now have at least one set of regulations covering offsets and a new Federal offsets policy released in late 2012. For example, Queensland has an overarching biodiversity offsets policy with a well-defined aim: "to increase the long-term protection and viability of the state's biodiversity where residual impacts from a development, on an area possessing State significant biodiversity values, cannot be avoided. The policy provides the framework to ensure that there is no net loss of biodiversity".



# National offset policies

dark purple = current policies or regulations requiring offsets  
light purple = current policies or regulations enabling offset  
blue hatch = developing policies

the biodiversity consultancy





Australian Government  
 Department of Sustainability, Environment,  
 Water, Population and Communities

*Resolución*  
 N° 068 -

Lima, 27 FEB. 2013

Vistos, el Informe Técnico N° 01-2012, de la Dirección General de Evaluación Ambiental y el Memorando N° 023-2013-DGF, de la Dirección General de Políticas, Normas e Instrumentos de Gestión del Ministerio del Ambiente y de la Resolución N° 043-2013-DVMDERN-MINAM del Vice Ministro de Recursos Naturales de 23 de enero de 2013; y, demás

**CONSIDERANDO:**

Que, de conformidad con el artículo 1 de la Constitución Política de la República, toda persona tiene el derecho irrenunciable a un ambiente adecuado para el pleno desarrollo de la vida humana, ambiental y de proteger el ambiente, así como a la salud de las personas en forma individual y colectiva, biológica, el aprovechamiento sostenible de los recursos del país;

Que, el artículo VI de la Ley N° 27446, Ley del Principio de prevención consiste en que, para evitar, prevenir, vigilar y evitar la degradación ambiental que la generan, se adoptan las medidas de compensación, que correspondan;

Que, asimismo, el artículo 24° de la Constitución Política de la República humana que implique construcciones, obras, actividades, políticas, planes y programas públicos de carácter significativo, está sujeta, de acuerdo a la Ley del Impacto Ambiental - SEIA, el cual es administrado por el

Que, mediante la Ley N° 27446, Ley del Principio de prevención del Impacto Ambiental - SEIA, modificada por el Decreto Supremo N° 001-2013-AM, el sistema único y coordinado de identificación, evaluación anticipada de los impactos ambientales, que comprende los requerimientos, etapas y acciones para la ejecución de proyectos de inversión;

Que, el literal f) del artículo 7° de la Ley del Organismo de Organización y Funciones del Ministerio del Ambiente y del Ministerio del Ambiente dirigir el Sistema N



**Environment Protection and Biodiversity Conservation Act 1999**  
**Environmental Offsets Policy**

October 2012

**Environmental economics**

**Environment**

[Environment's website](#)

**Banking in the EU and appropriate design**

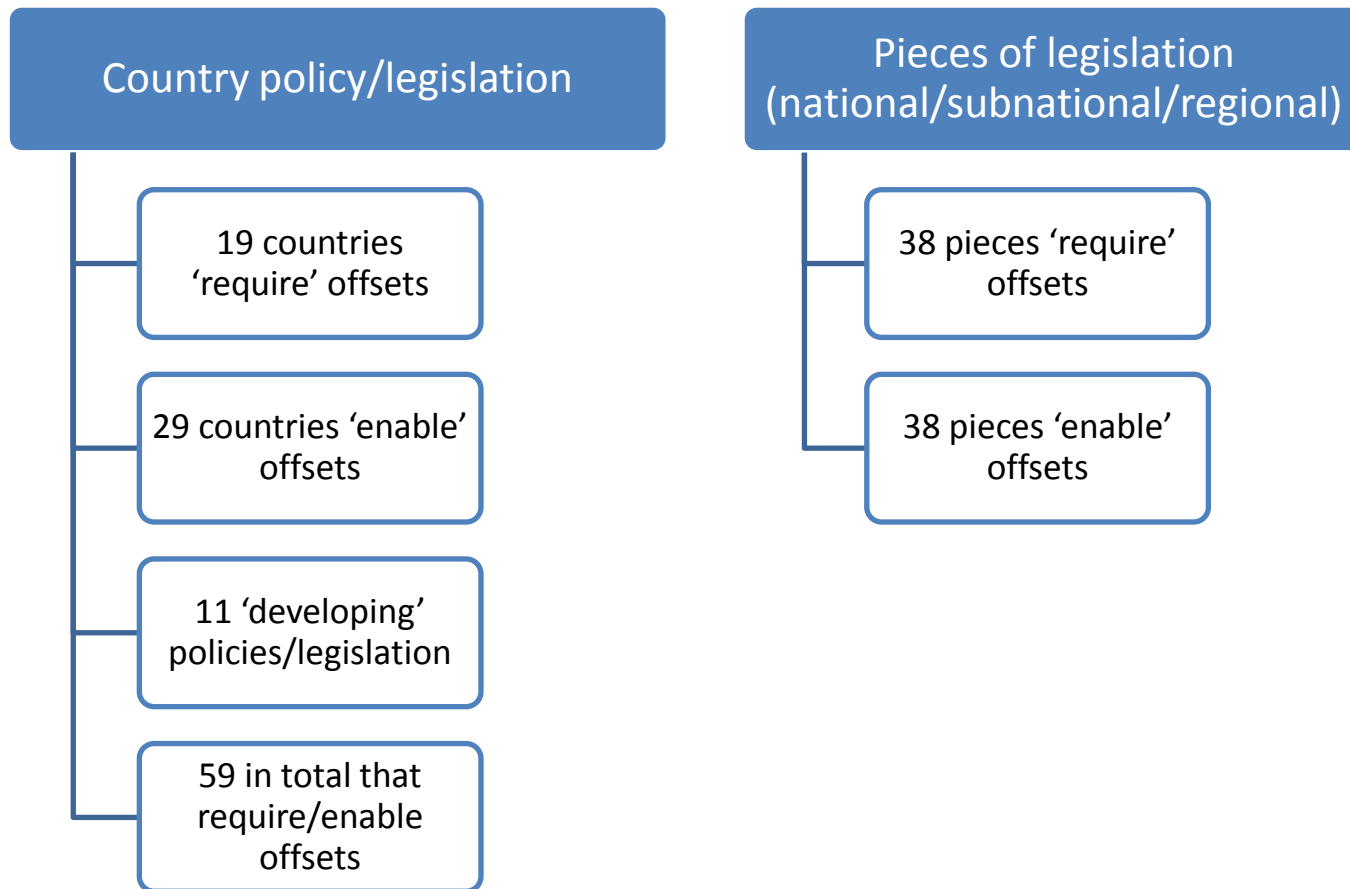
active framework for addressing the No Net Loss (NNL) of biodiversity and supply of habitat banking in the EU. NNL is not explicitly stated in EU Directives, Habitats, EIA and SEA Directives), while the assessment of damages to biodiversity (EIA, SEA and SEA and biodiversity from accidents). Moreover, regional provisions. Despite these provisions for NNL in the EU. The new EU initiative on

and use changes, which in the EU account for a significant amount of land changes and biodiversity loss due to agricultural and system services due to degradation, as well as other uses could also be taken into account. In the EU, the demand, the supply of grassland and other habitats is least constrained, while coastal and other habitats are more limited. Dunes and rocky habitats are particularly scarce and therefore provide limited opportunities for offsetting. The supply is the availability and accessibility of offsets. The total costs of offsets are likely to range from a few hundred to a few thousand euros. It could be higher than this in some cases. Globally, the total cost of offsets is estimated to be worth at least \$2.4 billion and

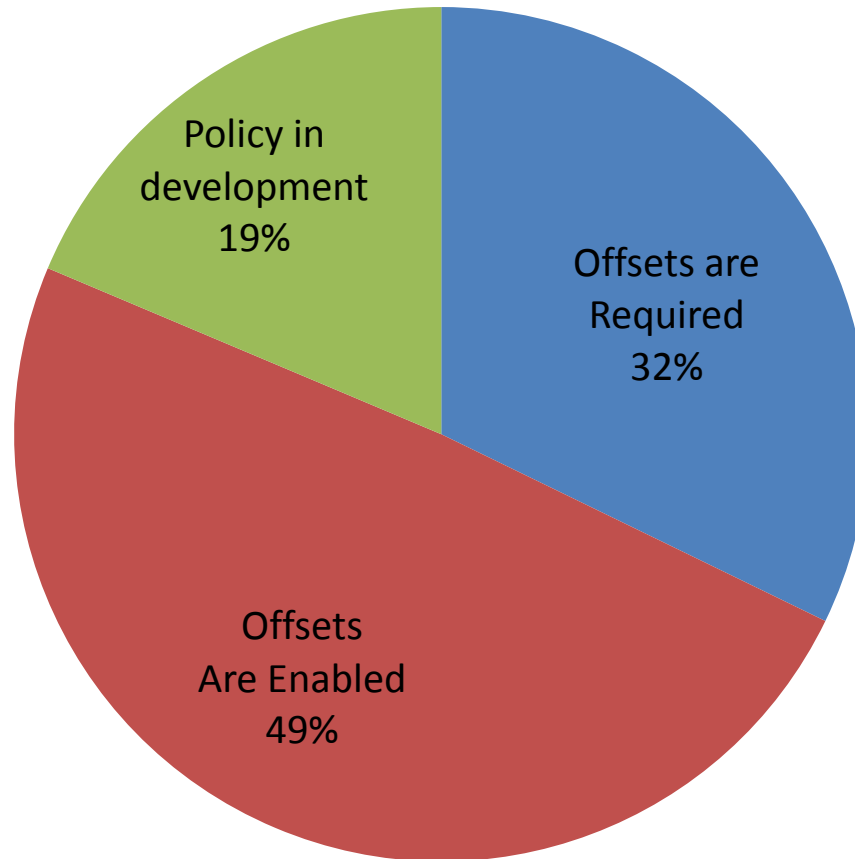
to offset biodiversity loss, but a number of technical, legal and financial barriers exist, that this is not possible or appropriate in all cases. Irreplaceable biodiversity, 'like for like' offsets may be the best outcome. For a strong regulatory framework to be developed, there is a need for a strong regulatory framework to be developed. The study explores how roles and responsibilities for monitoring, enforcement, and funding are distributed, and the uncertainties to ensure that benefits from



# Overview of the regulatory environment



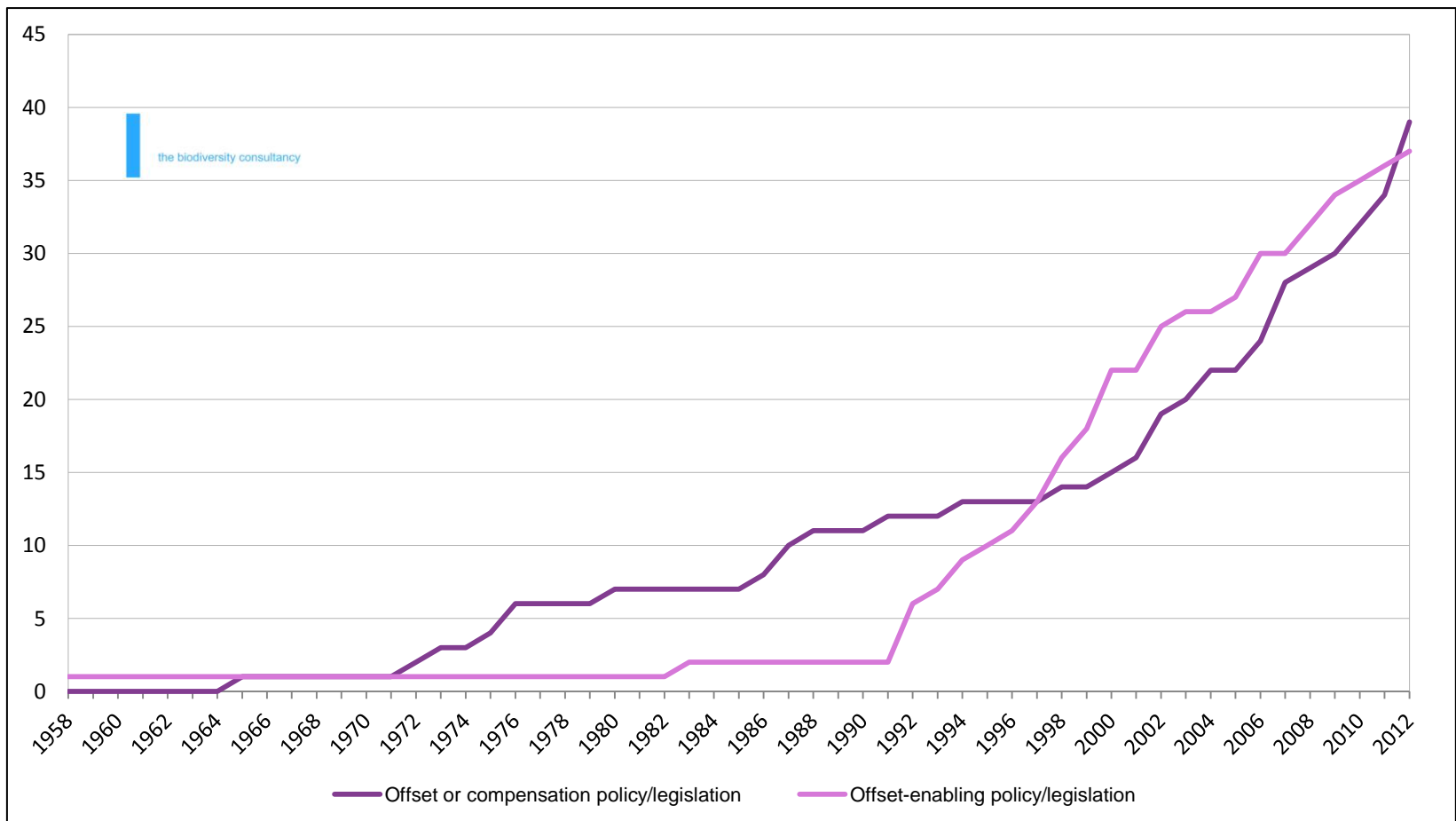
# Countries with Offset Policies – mandatory, discretionary, and policies still under development





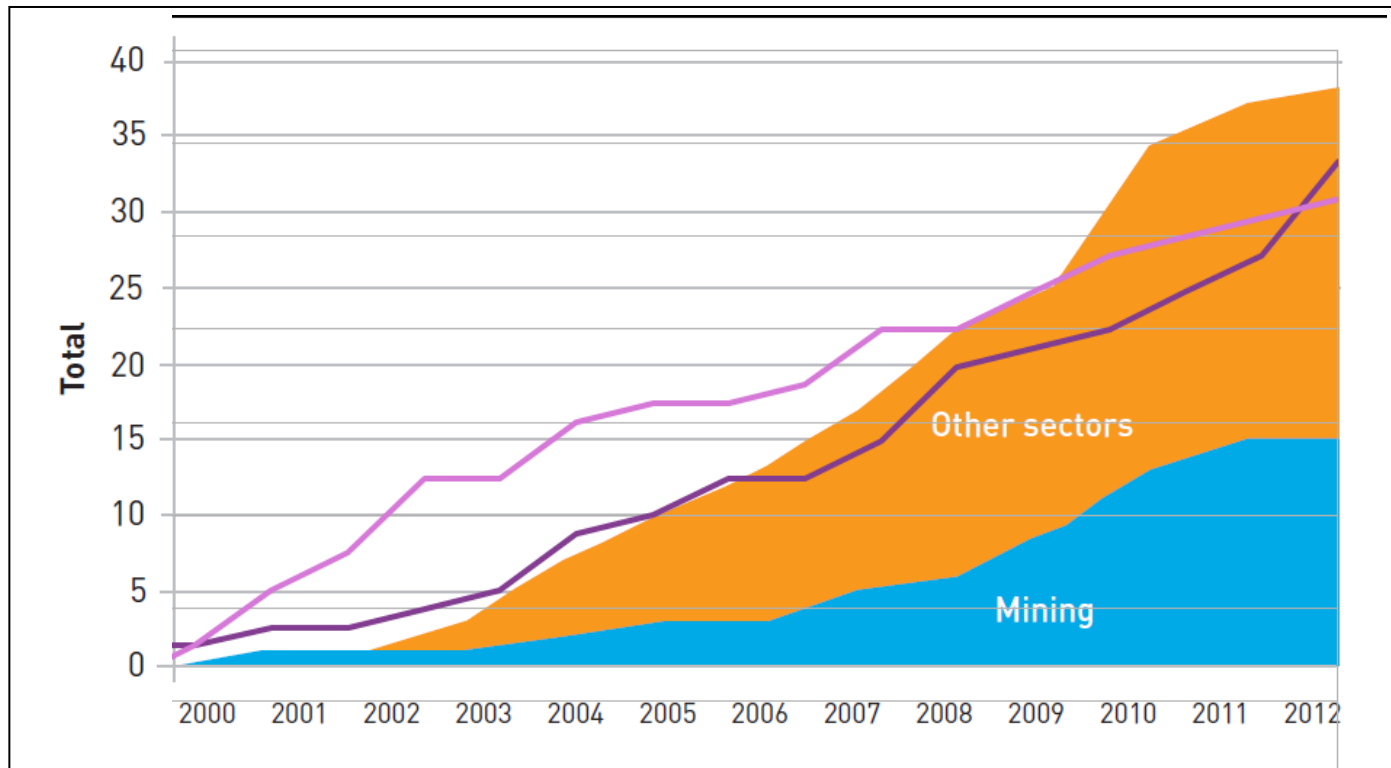
## Increase in policy/legislation over time

- Offset enabling legislation rose sharply from 1992 onwards (soft)
- Offset-requiring legislation rose sharply from c. 2002 onwards (hard)
- Increases in hard policy recently outstripped soft policy

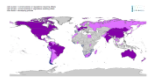




# The rise in industry No Net Loss-type commitments : a response to offset legislation?



<http://www.thebiodiversityconsultancy.com/wp-content/uploads/2012/07/Private-Sector-No-Net-Loss-commitments.pdf>



# Govt offset policy goals and objectives

## Offset Policy Goals

- To discourage impacts damaging to the environment, encourage the mitigation hierarchy
- To provide direct compensation for residual impact
- To require developers to share costs of environmental impacts with society

## Offset Policy Objectives

- None
- To contribute to existing / new conservation programmes (e.g. Protected Areas)
- To Achieve No Net Loss or Net Gain

# Offset policies (Bank and Govt) pose risks for biodiversity and for business

1. Lack of national / landscape level conservation targets e.g. “We will conserve 80% of our remaining zebras”
2. Lack of implementation mechanisms e.g. no conservation banks or legal tenure mechanisms for offsets

# Lack of national conservation targets

Losing 100ha of a forest – is that 3% or 0.3% of the national total?

Governments need to set conservation targets to facilitate the functioning of offset policies

Biodiversity risks losing out; Business risks being criticised in the future.

South Africa – has linked offsets to conservation targets

Australia – has not.

# Lack of implementation mechanisms

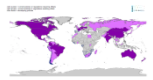
Most governments have not provided an implementation mechanism, or too few

International lenders have also not provided any implementation mechanisms (e.g. IFC PS6)

This is the largest clear risk to business: how to implement?

→ However – this is a renewed opportunity for partnership between business and NGOs

→ Has the WCPA ever met with the business community?



# What mechanisms exist do exist for offset policy implementation?

→ **purchase of credits from conservation banks** or vegetation registers (USA, Canada, Australia);

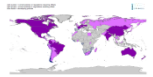
→ **setting up of conservation easements** on new land (USA, Australia);

→ **custom-built offsets in partnership or outsourced to third parties**

→ **payment into government conservation funds (in lieu fees)** which aim to increase the quality or quantity of protected areas management (e.g. Brazil).

*Apart from some credit purchase / banking systems in North America and Australia, these mechanisms are largely insufficient.*

# Implementing biodiversity



Report

## Independent report on biodiversity offsets

Environmental Stewardship  
January 2013



### TYPE OF OFFSET

Private conservation b

Government conserva

Contracts with private

Partnerships or contra  
non-profit organizatio  
conservation NGOs)  
DIY offsets by develop

In lieu fees

ng", US); Corporation of the  
New South Wales,  
nks (US); Environmental

Wales, Australia)

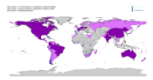
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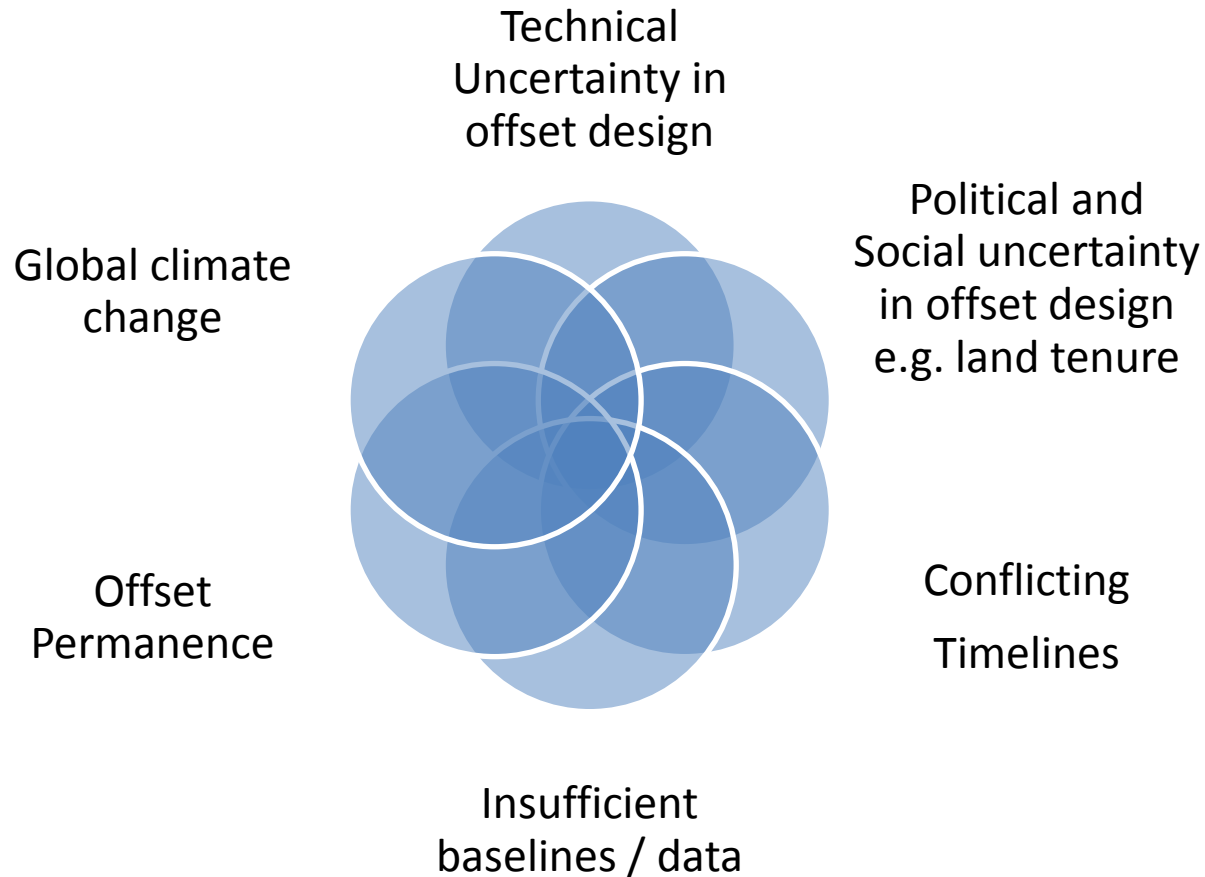
# Impacts of offset policies for business

- Risks
  - Lack of clear implementation mechanisms
  - Increased costs from planning and implementation
  - Project delays
- Opportunities
  - Competitive advantage to meet emerging legislation
  - Transform offsets in flagship CSR projects
  - Transform offsets into assets through sale of
    - biodiversity credits to other developers
    - ecosystem service credits such as forest carbon.



# Offset Challenges

For all: government, industry, banks, NGOs and society





# Solutions exist

## No Net Loss design to start earlier in project life cycle

- Complete baseline biodiversity surveys earlier
- Use offset cost estimates to drive innovation earlier in the mitigation hierarchy
- Assess offset feasibility using new tools now available: IBAT and No Net Loss Forecasting

## Align offsets with stakeholder priorities

- Align offset programme with government / international priorities e.g. Key Biodiversity Areas, unfinanced protected areas
- National aggregated offsets / conservation banks



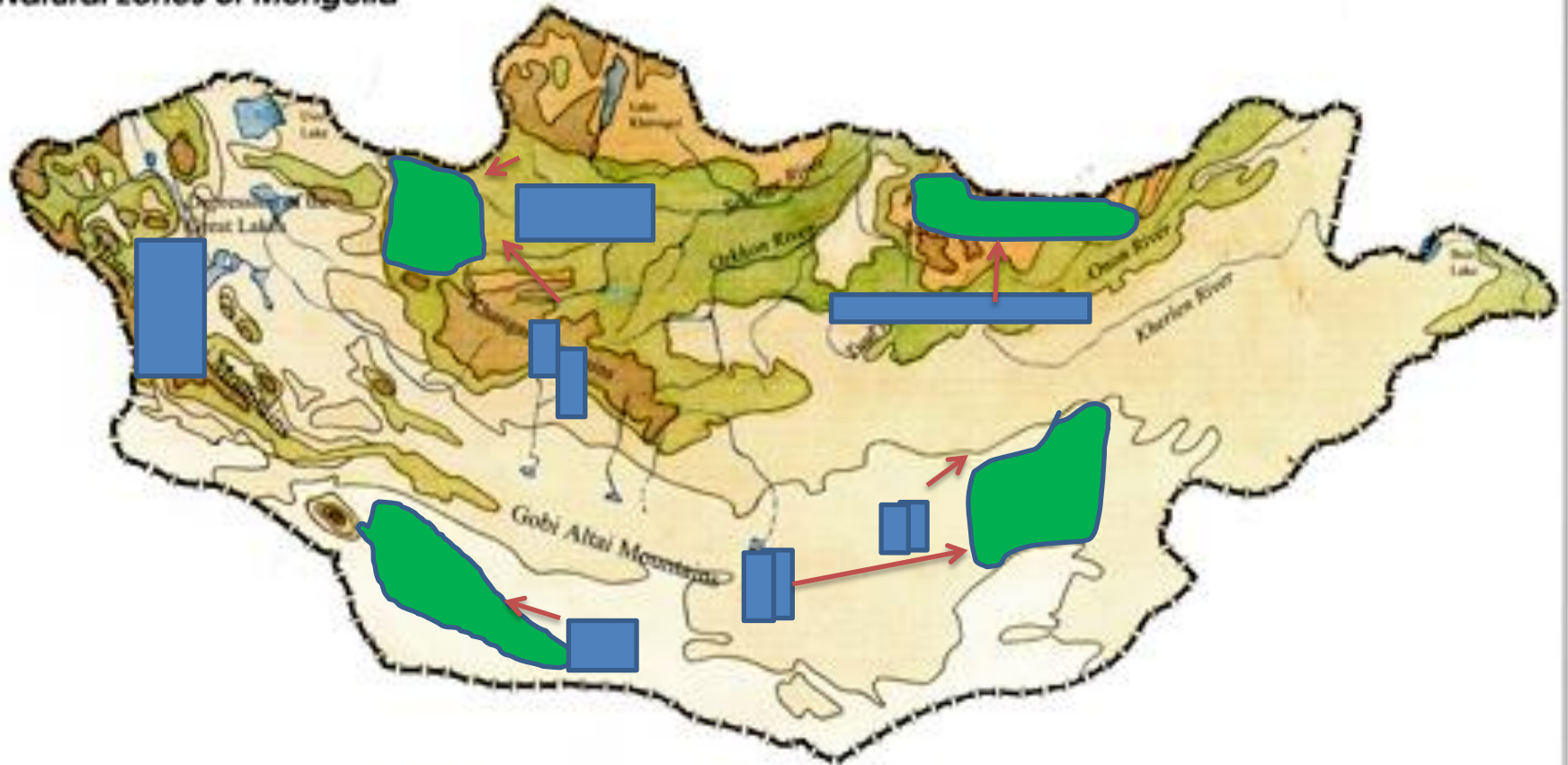
# National aggregated offsets may simplify and accelerate transactions for business..

## National aggregated offsets

- Sites of national conservation priority set up in advance to act as credit pools for future development impacts
- Best done within context of NATIONAL CONSERVATION PLAN
- Aligned with Government and Community priorities
- Solves the timing issue
- Solves the technical and political uncertainty issues
- Requires piloting e.g. World Bank and host country pilot



### Natural zones of Mongolia



- |                                                                                     |                        |                                                                                       |               |
|-------------------------------------------------------------------------------------|------------------------|---------------------------------------------------------------------------------------|---------------|
|  | High mountain          |  | Steppe        |
|  | Taiga forest           |  | Desert steppe |
|  | Mountain forest steppe |  | Desert        |

# Summary

- Government policies are emerging very rapidly
- Bank policies are emerging rapidly
- This poses risks and opportunities for both business and biodiversity
- Closer engagement between industry and conservation will be required if offsets are to be a mutual success

# Thank you for listening..

Thanks to

- Proteus Partnership
- UNEP-WCMC
- The World Bank
- IFC
- TBC