



The potential of biodiversity offsets in Africa

Lessons from the COMBO project

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Biotope

Innovative financing mechanisms for biodiversity

- Payment for ecosystem services
- **Biodiversity offset mechanisms**
- Environmental fiscal reforms
- Markets for green products
- Biodiversity in international development finance
- Biodiversity in climate change funding



See the 2008 CBD strategy for resource mobilization: <https://www.cbd.int/financial/doc/strategy-resource-mobilization-en.pdf>

What are biodiversity offsets?

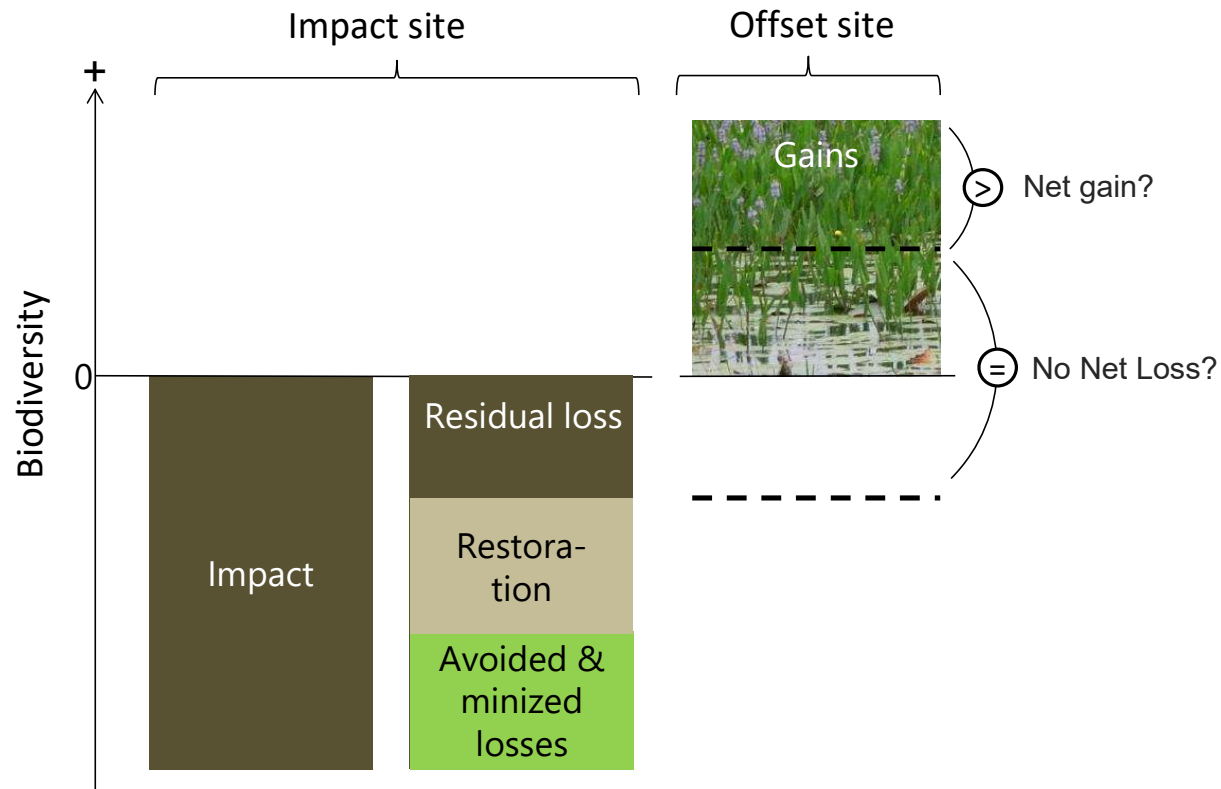


Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for **significant residual adverse biodiversity impacts** arising from project development **after appropriate prevention and mitigation measures have been taken.**

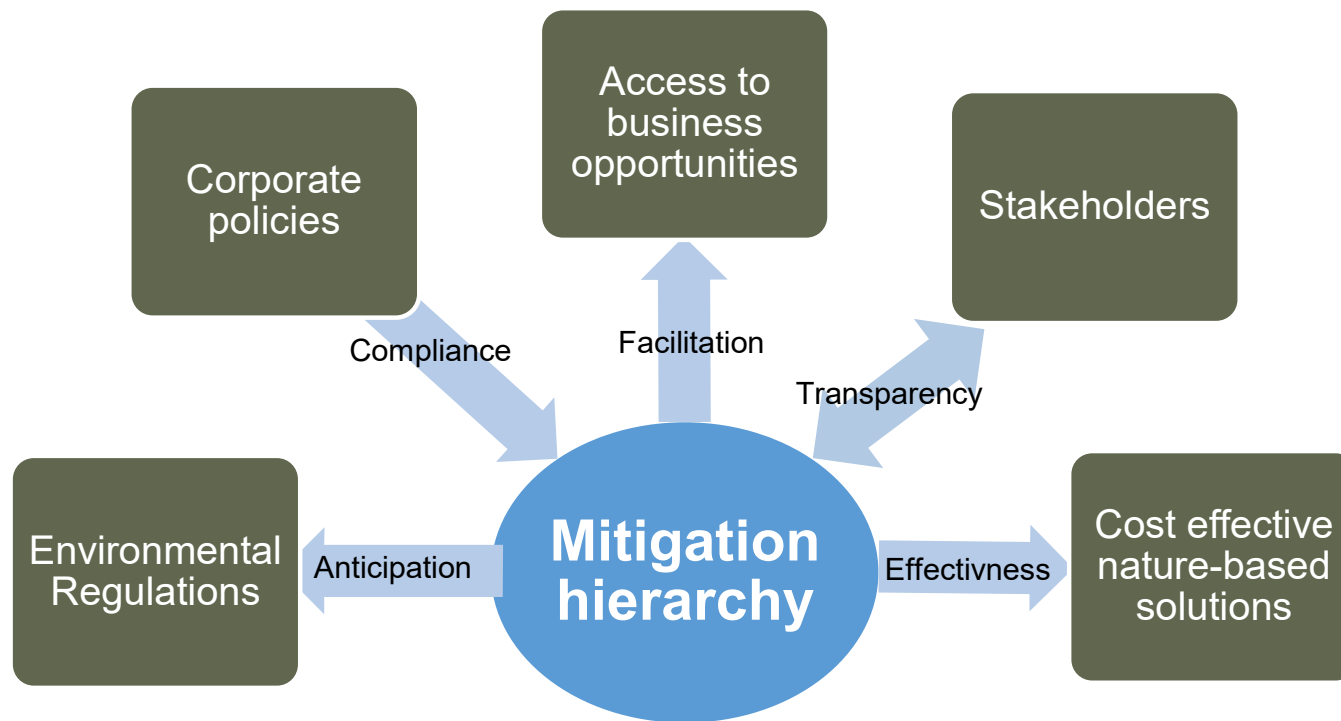
Goal is to achieve no net loss and preferably a net gain of biodiversity on the ground with respect to species composition, habitat structure, ecosystem function and people's use and cultural values associated with biodiversity.

<https://www.forest-trends.org/bbop/resources/>

The mitigation hierarchy



Why would the private sector care?

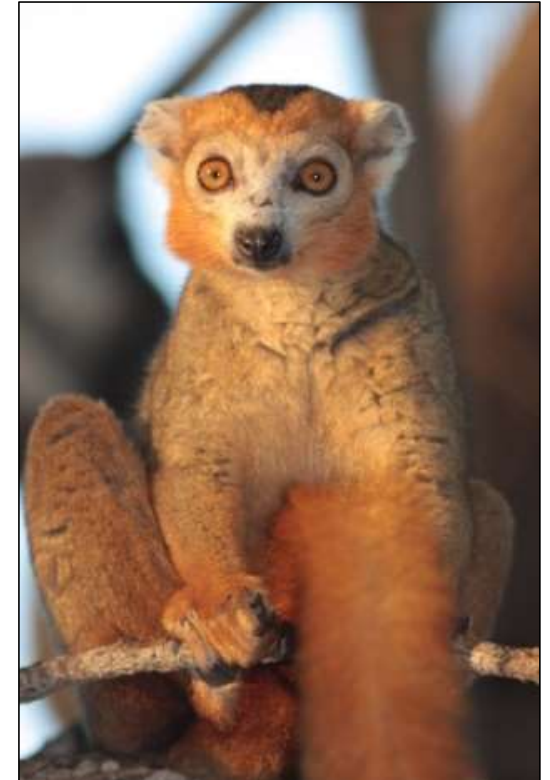


IFC Performance Standard 6

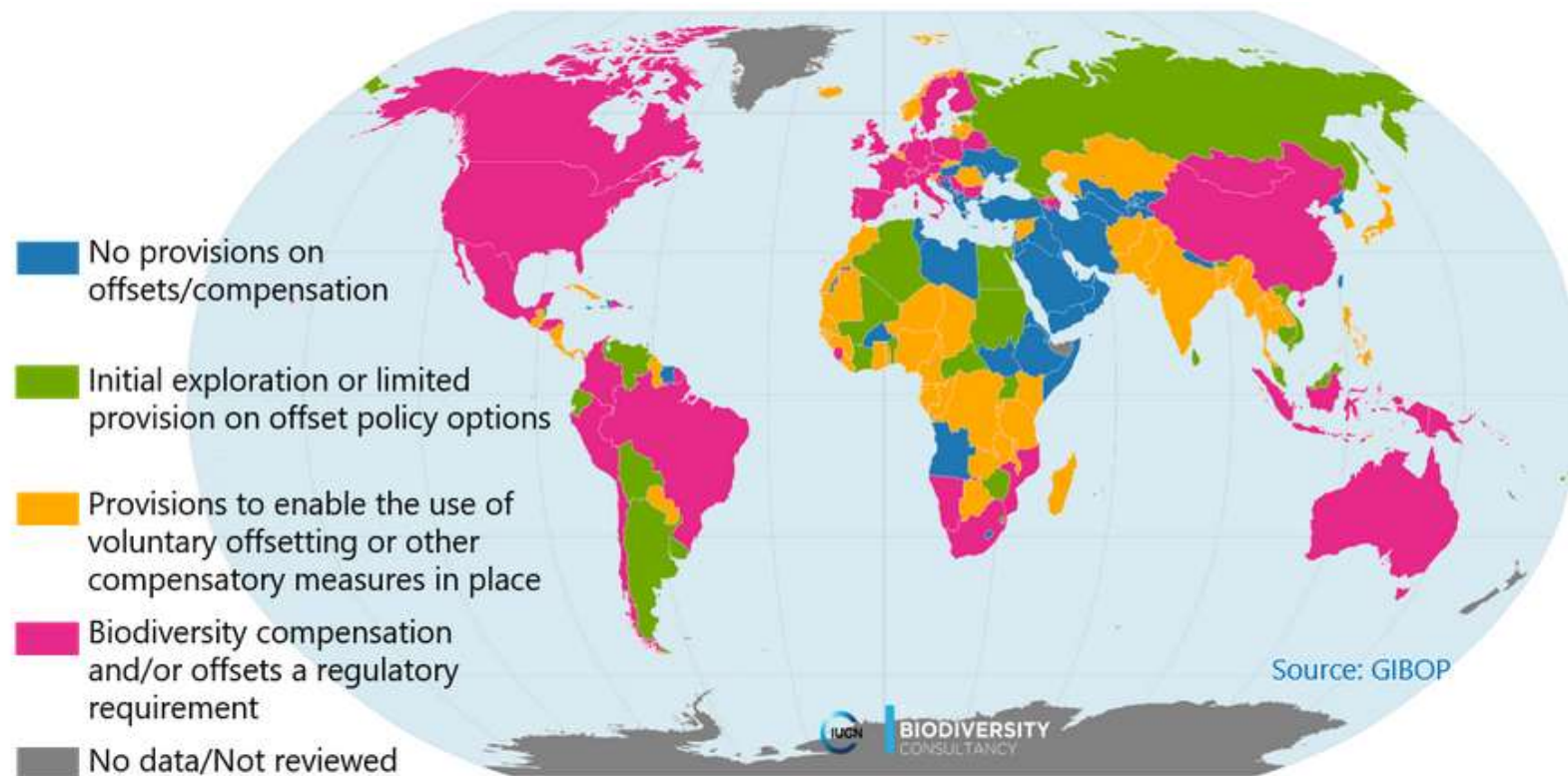
A biodiversity offset serves as a risk management tool for developers whose projects will have an impact on biodiversity. It involves an agreed set of conservation actions or “measurable conservation outcomes,” which could demonstrate how biodiversity losses caused by the development project will be balanced by equivalent biodiversity gains.

In all areas of **natural habitat**, regardless of the prospects of significant conversion and degradation, the client should design mitigation measures to achieve “**no net loss**” of biodiversity, where feasible, through the application of various on-site and offset mitigation measures.

In areas of **critical habitat** the client will be expected to demonstrate **net gains** (also known as “net positive gains”) of the biodiversity values for which the critical habitat was designated.



Governments are introducing MH and/or NNL legislation



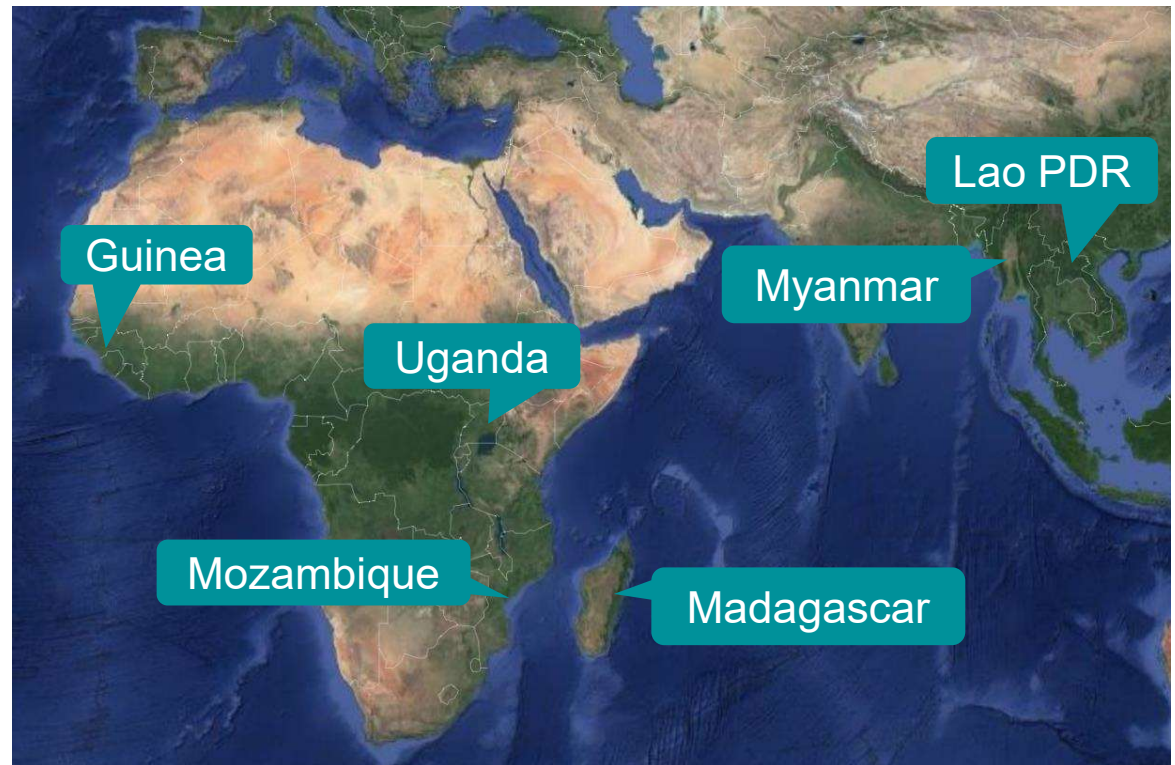
<https://portals.iucn.org/offsetpolicy/>

Promoting good mitigation & offsetting practice

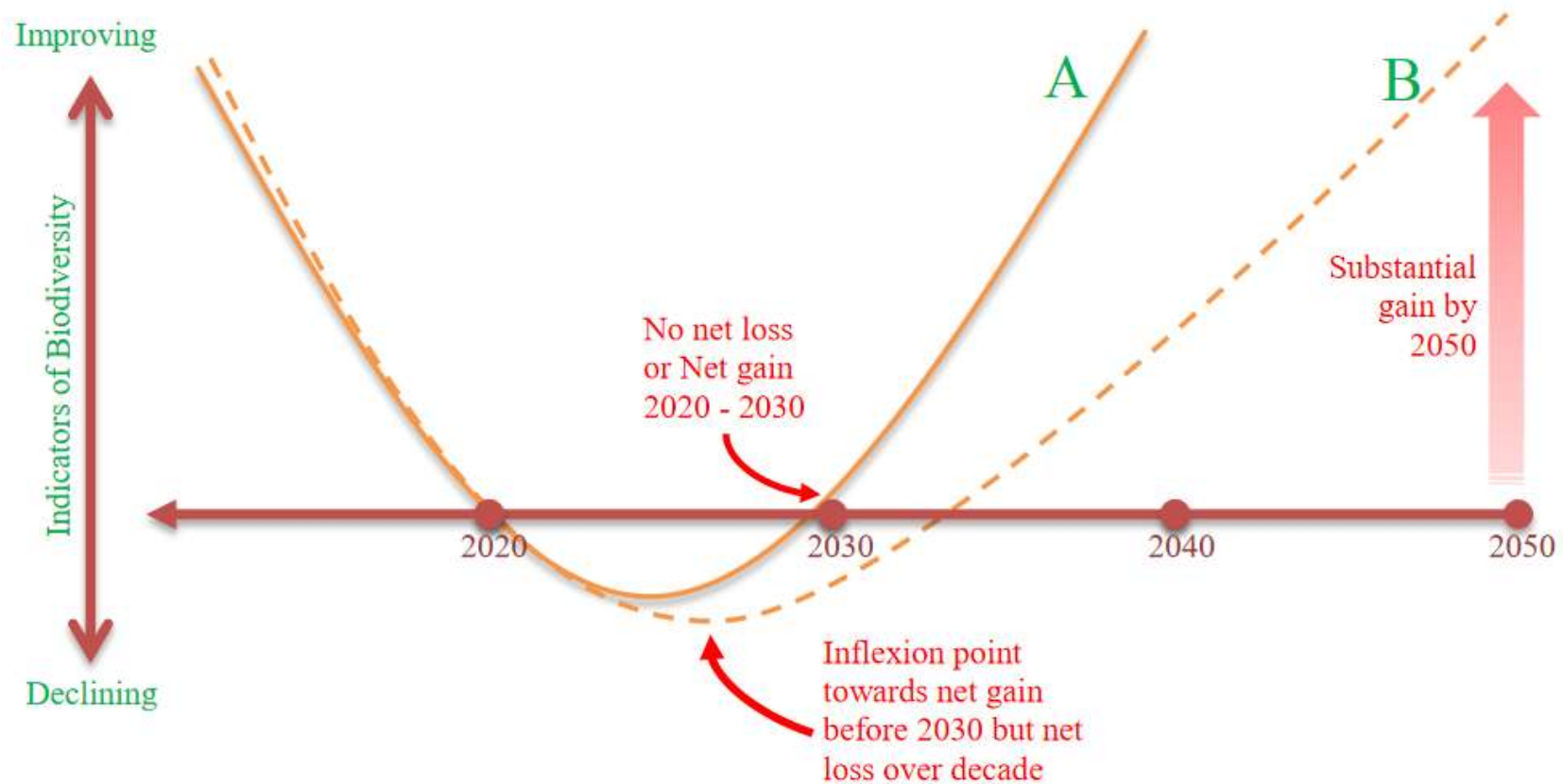


*CO*nservation, impact
Mitigation and Biodiversity
Offsets in Africa (since 2016)

Now in SE Asia (to 2025)

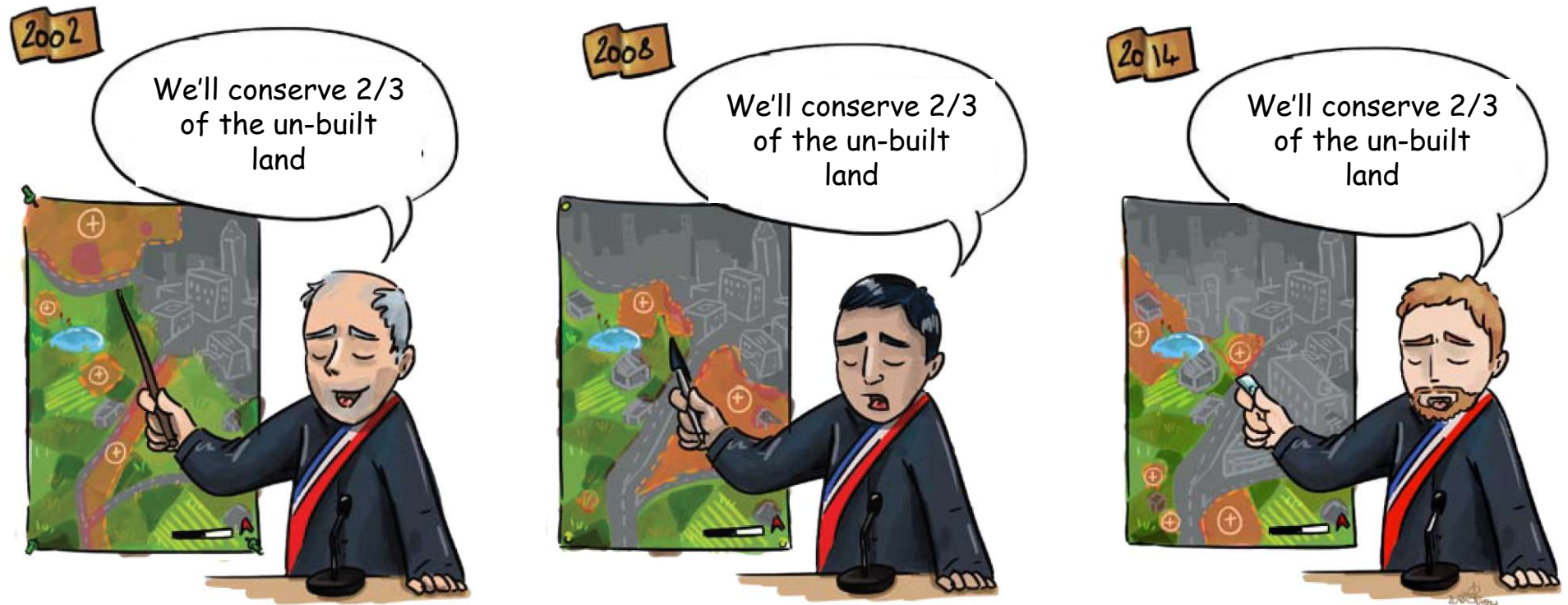


The post 2020 framework for biodiversity



See the [scientific and technical information to support the review of the proposed goals and targets in the updated zero draft of the post-2020 global biodiversity framework](#) (23rd April)

Shifting baselines



Source: France Nature Environnement, 2018

Only restoration or rewilding can provide net gains

Changes in natural resource management



Reintroductions & restocking

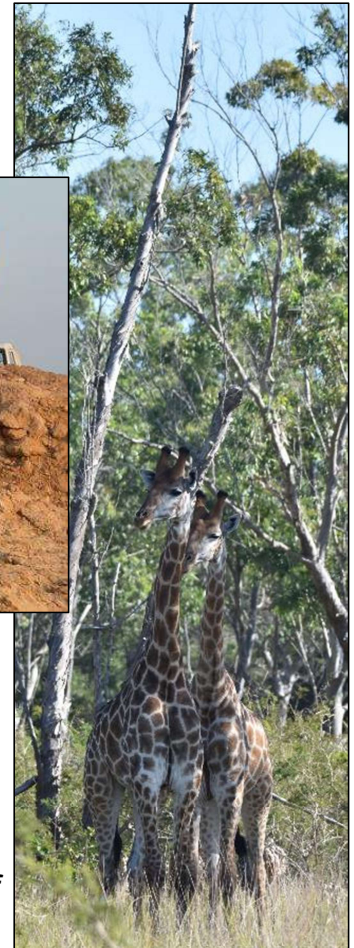


Plantations



Functional substitutes

*Elimination of
invasive species*



Requirements for an effective biodiversity offset



→ Financial sustainability

→ Long-term land access

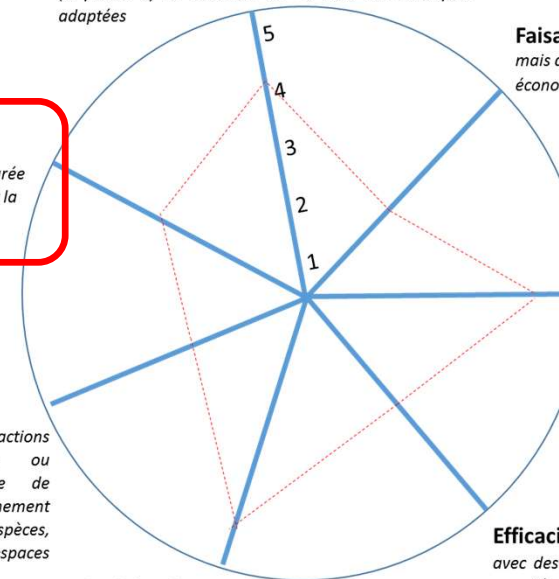
Pérennité

c'est-à-dire efficace sur une durée suffisante et proportionnelle à la durée des impacts

Additionnalité

par rapport aux actions publiques existantes ou prévues en matière de protection de l'environnement (plan de protection d'espèces, instauration d'espaces protégés etc.)

Equivalence écologique : *c'est-à-dire générant une amélioration (« gain ») au moins égale aux impacts (« pertes ») et évaluées sur la base de métriques adaptées*



Faisabilité technique
mais aussi d'un point de vue économique, juridique et administratif

Proximité géographique

(d'un point de vue écologique) du dommage de manière à maintenir ou à améliorer la biodiversité endommagée à l'échelle spatiale appropriée

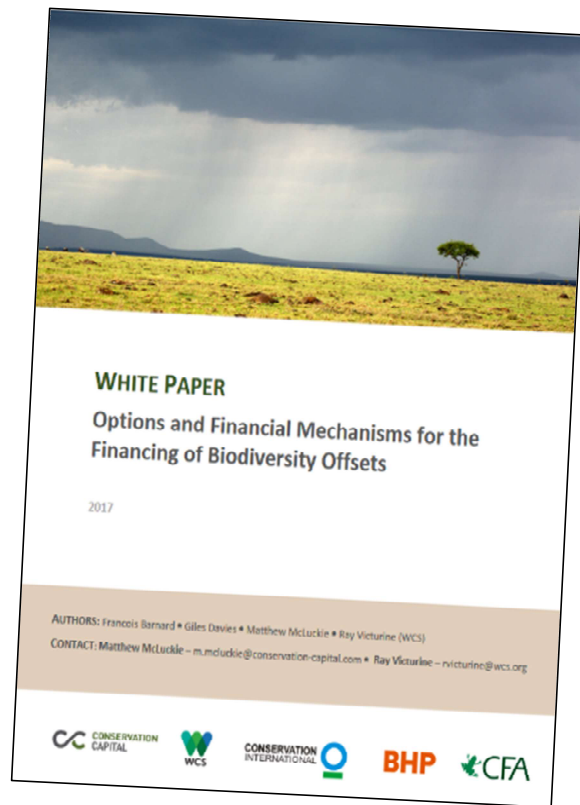
Efficacité

avec des objectifs mesurables associés à des protocoles de suivi de leur effectivité (mise en œuvre) et de leur efficacité (résultat)

Anticipation

c'est-à-dire efficaces avant que les impacts irréversibles n'aient eu lieu (des exceptions peuvent être faites quand il est démontré qu'elles ne compromettent pas l'efficacité des mesures)

Offset financing



<https://portals.iucn.org/library/node/47545>

Business plans
developed in
feasibility studies

Offset design
(before financial
close)

Offset
establishment
included in capital
expenditures
(CAPEX)

Implementation
(initial set-up &
restoration costs after
financial close)

Emergency
funding

Activity-based
funding
(operational
expenditures)

Basic minimum
financing available

Long-term
management
(operating costs and
“surprises” after
lenders are repaid
and leave)

Social impacts from biodiversity offsets must be addressed



<https://www.iucn.org/news/business-and-biodiversity/201903/no-net-loss-ensuring-best-possible-outcomes-people-and-biodiversity>

Ensuring the financial sustainability of offsets

 **IFC** PS6 guidance notes are clear:

- GN33: “The main biodiversity offset design steps **include** (...) identifying means for securing offset activities over the long term, including, for example, legal protections (...) and budget projections for the involved parties, (...) **establishing a funding mechanism to support the offset for as long as project impacts persist** (see GN49 in this note)”
- GN49: “**Reclamation-funding mechanisms should be established by clients for projects located in natural habitats** (...). The costs associated with reclamation and/or with post-decommissioning activities should be included in business feasibility analyses during the project planning and design stages. Minimum considerations should include ensuring the availability of necessary funds to cover the cost of reclamation and project closure at any stage in the project's lifetime, including provision for early or temporary reclamation or closure. (...) **A similar mechanism may also be established when biodiversity offsets are implemented**”.
- GN92: Any offset attempted in critical habitat should be identified, designed and managed according to good international practice and be sustainable **as long as the project impacts persist**.

→ Conservation Trust Funds can help developers ensure the long-term financial sustainability of their biodiversity offsets

<https://www.ifc.org/PerformanceStandards>

Why would a business use a CTF for its offsets?

Advantages

- Off-the-shelf offsetting solution for a project (plug and play), useful for smaller projects and developers
- Same service as a company-specific trust or escrow account with added know-how from specialization in conservation and connections with PA agencies (may be cheaper than the ad-hoc governance put in place by a project)
- Attractive to co-financiers to strengthen the overall performance of a protected area hosting an offset
- Potential (partial) transfer of liability if regulations allow it

Disadvantages

- Loss of control on the use of the funds, esp. without transfer of liability towards lenders and regulators
- Upfront cost from capital expenditures rather than annual costs from operational revenue
- A company or project specific trust or escrow fund is easier to set up with a firm's established partners (lawyers, banks)
- Higher management costs due to the small size of the CTF

Our work in Guinea

- Workshop organized in Conakry in March 2012 on a national strategy and a trust fund for chimpanzees and other endangered species
- Launch of the COMBO project in June 2016
- Order establishing the National Committee (CN-CIBE) for the preparation and oversight of the national strategy for offsetting impacts on biodiversity and ecosystems, in June 2017
- National strategy for the implementation of the mitigation hierarchy and the compensation of impacts on biodiversity and ecosystems adopted at the end of 2019
- National action plan for the conservation of chimpanzees in Guinea adopted in 2019; Regional action plan published in 2020
- Launch of the feasibility study for a trust fund in early 2021
- World Bank financing decision (May 2021): \$ 68 million by 2027, including support for the protected areas agency and the initial operation of the financing mechanism for protected areas



Guinea's national strategy on mitigating and offsetting development impacts on biodiversity and ecosystems

Strategic axis 16: Establish reliable, accessible and transparent financing mechanisms allowing the proper implementation of the mitigation hierarchy, in particular ensuring the secure and sustainable use of the resources resulting from biodiversity offset commitments

→ Strategy adopted in late 2019

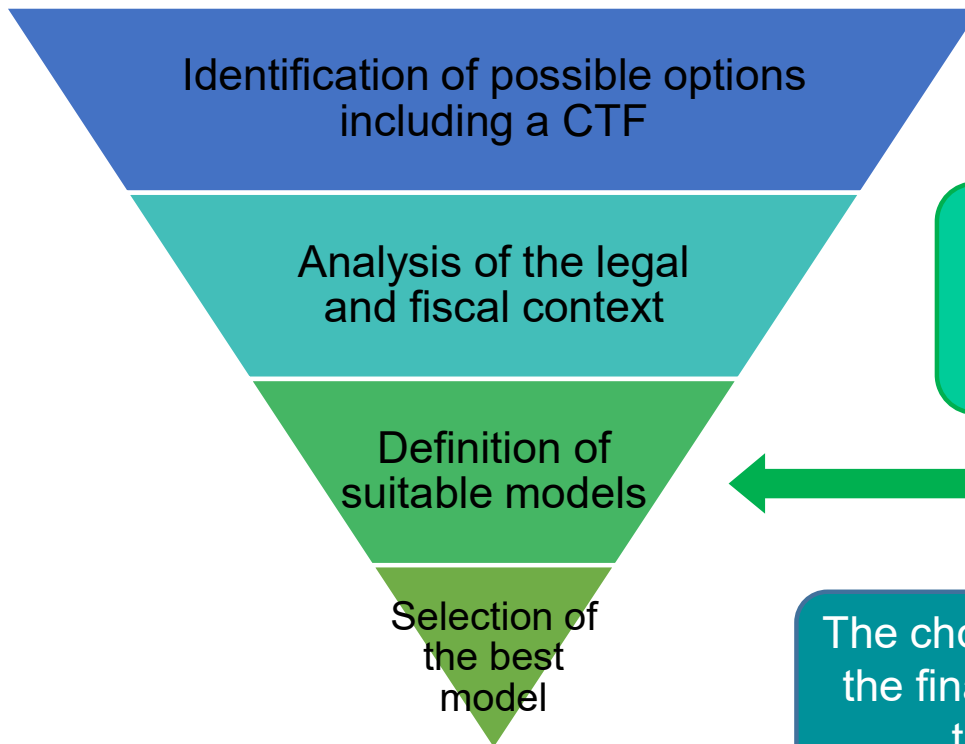


January 2019 workshop on offset financing



Meetings of the CN-CIBE

Design of a suitable financing mechanism for Guinea



Ministère de
l'Environnement,
des Eaux et Forêts
République de Guinée

Analysis of the compatibility of these models with accessing funding from mining companies engaged in the creation of the Moyen Bafing NP

The chosen model should not be optimal only for the financing of mining companies and be able to receive funds from other sources

A new IUCN thematic group on compensatory conservation



<https://www.impactmitigation.org/about-imec>



Thank you!

