

Will Biodiversity Offsets Save or Sink Protected Areas?

John D. Pilgrim & Leon Bennun

The Biodiversity Consultancy, 3E King's Parade, Cambridge, CB1 2RR, UK

Keywords

Conservation finance; Aichi Target 11; additionality.

Correspondence

John D. Pilgrim, The Biodiversity Consultancy,
3E King's Parade, Cambridge, CB1 2RR, UK.
Tel: +44-(0)1223-366238.
E-mail:
john.pilgrim@thebiodiversityconsultancy.com

Received

25 September 2014

Accepted

26 September 2014

Editor

Andrew Knight

doi: 10.1111/cons.12145

As November's IUCN World Park Congress approaches, and the IUCN develops a policy on biodiversity offsets, we sense increasing excitement about the potential for biodiversity offsets as an innovative financing mechanism for protected areas. On the face of it, this is a win-win approach. Governments struggling to meet protected area goals could channel compensation for development impacts toward the establishment and management of protected areas. Developers could benefit from high-profile delivery of impact compensation, a clear route to transfer management responsibility, and assurance of the long-term outcomes that stakeholders require of biodiversity offsets. Indeed, conventional offsets are designed very much along the lines of new protected areas. Voluntary biodiversity offsets are thus being planned in protected areas around the world, and new government policy in countries such as Mongolia and Papua New Guinea is being designed to drive offset funds toward protected areas, following examples such as Funbio in Brazil.

Win-wins are rarely, however, quite what they first appear. The core biodiversity offset principles of additionality, comparability, and longevity are all at risk when

offsets are planned in protected areas. Instead of biodiversity offsets leading to No Net Loss, they could instead simply facilitate ongoing development impacts and erosion of biodiversity, to the ultimate detriment of protected areas.

The biggest risk of channeling offset funds toward protected areas is cost-shifting, meaning that these new funds displace—rather than supplement—current or future funding committed to conservation. In such cases, compensation would not be additional—instead of reducing overall impacts of development, offsets would facilitate a continuing decline in biodiversity. Cost-shifting is a real, not a theoretical, phenomenon. For example, at a broader level, some developing countries have been accused of seeking development assistance for attractive sectors such as health, education or environment in order to free up core government funds for military spending. More specifically, we are aware of some developed-country jurisdictions that are actively capping or cutting funding to protected areas in anticipation that offset funding will fill the gap.

So, should offsets never be allowed in protected areas, in case governments renege on their responsibilities?

Almost 200 governments have adopted Aichi Target 11, committing to expand and effectively manage protected area networks. Perhaps offsets in protected areas should only be considered additional once this target is achieved nationally? This would avoid the risk of cost-shifting, but is a blunt approach—ignoring the severe underfunding of many protected areas and resultant biodiversity loss. This is likely to persist, despite the Aichi Target—governments struggling to fund primary healthcare will also struggle to resource effectively managed and representative protected area networks.

A more practical solution to the cost-shifting problem could be to define and accept temporary additionality. Offsets in protected areas could be seen as additional until the stage in a country's economic development when a government could reasonably be expected to fully assume its protected area responsibilities. Such an approach would be familiar to international donors, which use global classifications of national income (e.g., from the Organisation for Economic Co-operation and Development) to prioritize aid funds to governments that cannot yet afford to assume core responsibilities. In practical terms, this approach would confine protected area offsets to lower income countries. Companies seeking short-term gains to compensate for short-term impacts would therefore face few challenges. For longer term offsets, a mechanism would be needed to refocus funding as national economies improved and core budgetary resources came on stream.

Additionality is not the only concern. Prioritizing offsets in protected areas risks biodiversity in offset sites not being comparable to biodiversity in impact sites—i.e., “like-for-like or better.” The global protected areas network is biased toward places that are relatively low in value for both biodiversity and economic activity. This presents a risk of trading the most threatened habitats for those that are already more secure, i.e., “trading down.” Such risks could be reduced by large-scale planning combined with aggregated offset approaches, where compensation from multiple sources is pooled together. Landscape- or national-level planning in countries such as South Africa has been integrated into offset guidance, so that specific conservation targets can be met, and impacts on more threatened environments dissuaded, by increasingly onerous offset requirements (e.g., higher multipliers for the offset area needed). National offset frameworks could take this a step further by identifying conservation targets for each ecosystem and prioritizing aggregated offsets to support new (or better managed) protected areas where they are most needed. Overall, this should represent a system of “trading up,” in

which conservation is focused on the highest biodiversity priorities.

Concerns about offset longevity—ensuring that offset gains last as long as development impacts—are particularly acute for offsets in protected areas, since a developer's stewardship responsibilities may be rapidly passed to a protected area authority. The solution remains the same as for other offsets: a solid guarantee of appropriately long-term funding for offset implementation by developers. Financing may best be secured using an independent funding mechanism. This has the added advantage of ensuring that compensation is reserved for offsets rather than entering general treasury funds: governments should not regard offset resources as just another form of taxation.

Identifying the conditions for effective protected area offsets is not just an arcane technical discussion. At least 18 countries already have national government policies specifically requiring or guiding offsets, at least 29 others have policies suggesting or enabling the use of offsets, and these numbers are growing rapidly. Moreover, the issues we present here are not restricted to offsets in protected areas, but also apply to many situations in which there are expectations of an existing landowner or government duty of care.

Biodiversity offsets hold much promise for helping expand and strengthen the protected area network in the developing world. To fulfil this promise, governments will need to design and implement policies that direct compensation from development projects to temporarily fill the most important protected area funding gaps. Conservation planners can assist governments and companies by refining methods for ensuring additionality, comparability, and longevity of offsets in protected areas, and contributing to science-based plans and policy guiding offset investment. Civil society scrutiny will be key during implementation, particularly for ensuring that protected area responsibilities are adopted by governments in-line with increasing revenues, and that there is sound governance of offset funding schemes. With these pieces all in place—a not inconsiderable challenge—offsets can contribute to saving, rather than sinking, protected areas.

Acknowledgments

We thank Jez Bird, Tom Brooks, Jonathan Ekstrom, Phil Gibbons, David Keith, Suzanne Livingstone, Bruce McKenney, Edward Pollard, Hugo Rainey, Helen Temple, and James Watson for discussions that stimulated this manuscript.