

To No Net Loss of Biodiversity and Beyond

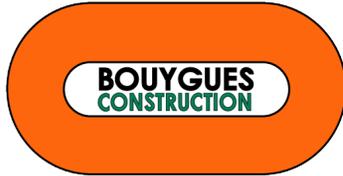
A Summary of Discussions at the Conference

3-4 June 2014



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Executive Summary

On 3 and 4 June, 280 individuals from 32 countries met in London to discuss how to ensure that development is planned to achieve no net loss or preferably a net gain in biodiversity. Hosted by Forest Trends, the Business and Biodiversity Offsets Programme (BBOP), the UK Department for Environment, Food and Rural Affairs (Defra), and the Zoological Society of London (ZSL) at ZSL, the representatives came from companies in the extractive, energy, infrastructure, agriculture, forestry and retail sectors, from governments and intergovernmental organisations, from financial institutions, NGOs, civil society, universities, research organisations and from consultancies and small businesses. They explored international experience and policy on no net loss and a net gain of biodiversity, and everyone was searching for practical solutions to reconcile development with environmental protection and social fairness.

There were sessions with examples from companies of mitigation measures around the world (including biodiversity offsets), and recent developments in practice and policy in the EU, Latin America, Africa, Asia, the US and Australia. The opportunities and challenges of making a success of no net loss were considered, with a review of the business case, government regulations and conditions for finance. Sessions explored tools, standards, finance and long-term implementation of measures for no net loss. Discussions covered the place of offsets in the mitigation hierarchy, the need for high standards for all mitigation measures, respect for the rights and interests of indigenous peoples and local communities, the importance of landscape-level planning, integration with impact assessment and strategic environmental assessment, and linkages between biodiversity, carbon and watershed planning.

All the presentations from the two days are posted on the conference website [insert url for the webpage with the presentations] and many of the sessions were live streamed and recorded, and are available here [insert url for the webpage with the recordings of the various sessions].

Many useful lessons were shared throughout the two days and recommendations sprang from every session. However, a number of cross-cutting, key issues emerged as major themes from the two days' discussions, as follows:

- **Strengthen protection:** Activities, policies and frameworks to mitigate impacts on biodiversity, including those related to biodiversity offsets, must strengthen and not weaken biodiversity protection. Improving the application of the mitigation hierarchy and working towards no net loss and a net gain of biodiversity is intended to ensure greater rigour and a better outcome for conservation than under current systems, and not to undermine them.
- **Clear policy:** For NNL/NG to become a realistic prospect in a country, clear and unambiguous policy requirements that establishes high standards are needed. Many participants doubted whether voluntary systems are enough to encourage a big enough proportion of developers to plan for no net loss, nor

landowners to invest in conservation activities as offsets. All participants accepted that government has a critical role to play, levelling the playing field, reducing uncertainties for business, ensuring good outcomes for people, and keeping standards high.

- **Biodiversity offsets in context:** There is general recognition that biodiversity offsetting can be challenging and controversial, but that when offsets are used, they must be discussed and included within the broader mitigation framework, and not raised as an isolated issue.
- **High standards:** In any impact mitigation programme (including biodiversity offsets), in order to enable good outcomes for biodiversity and people, it is critical to apply the mitigation hierarchy consistently according to high standards, such as those reflected in the BBOP Standard and IFC Performance Standard 6. In the course of negotiations with governments and companies over the design of a mitigation programme, emphasis should be placed first on discussions related to avoidance, minimization and on-site restoration. Flexibility in the approaches taken to achieve no net loss was encouraged, but clarity on the biodiversity outcome was felt to be important. Standards need to strike a balance between being too prescriptive to be practicable and being too flexible to be credible or to offer assurance of outcomes.
- **Landscape level planning:** Assessing proposed project development and mitigation of impacts in the context of spatial plans undertaken at a landscape or national scale is important to support sound land use decision-making. For instance, it informs where development should or should not take place. No net loss planning should be integrated within broader planning and policy frameworks. Where possible, guidelines to identify “no-go” zones and areas of high biodiversity value suitable for conservation efforts through offsets should be identified as a matter of policy and not relegated to case-by-case decisions.
- **Capacity building and training:** There is a shortage of people with the right expertise to understand and to undertake the assessments and planning needed for no net loss, and to interpret and use the results. This is an important limitation and needs to be corrected by training of staff from government agencies, companies, consultancies and civil society and research organisations. Certification of trained individuals would help build confidence that professionals are using high standards.
- **Examples:** More examples of best practice with successful approaches and outcomes are needed to build confidence in the concepts of no net loss, net gain and the quality of mitigation measures, including biodiversity offsets. Examples that are independently verified against agreed international standards would be the most convincing.
- **Monitoring, verification and enforcement:** These are vital for the quality and integrity of mitigation measures including offsets, and have often been neglected in the past.
- **More dialogue:** International, multi-stakeholder discussion involving people with very different opinions about the merits of mitigation measures and biodiversity offsets is needed in order to reach and promote wide societal agreement on the necessary standards for mitigation measures and associated land-use planning. Even those with apparently opposing positions were able to move a little closer through an exchange of ideas during the conference and such dialogue should be continued.

Introduction: Conference Overview and Objectives

Twenty seven years after the Brundtland Commission coined the term “sustainable development” we continue to search for practical solutions to reconcile development with environmental protection and social fairness. To address this challenge, Forest Trends, the Business and Biodiversity Offsets Program (BBOP), the UK Department for Environment, Food and Rural Affairs, and the Zoological Society of London hosted the first international No Net Loss conference on June 3 and 4 at the Zoological Society in London.

Over 280 conference participants from 32 countries came from all backgrounds and constituencies involved in managing biodiversity. They included 62 representatives from footprint companies, 34 from governments and intergovernmental organisations, 31 from financial institutions, 81 from NGOs and civil society, 65 from universities and research organisations and 66 from consultancies and small businesses such as conservation banks. The atmosphere was buzzing and lively and the conference participants spent two days exploring how to avoid, reduce and finally offset residual harm from development, with a view to ensuring no net loss or preferably a net gain of biodiversity. Discussions focused on making progress against these four conference objectives:

Catalyse agreement on practical ways for business leaders, policy-makers, communities and other decision-makers to make this generation the first to leave the world’s biodiversity and ecosystem services in a better condition than that in which they inherited it;

- Exchange ideas and experience from many countries and industry sectors on best practice;
- Provide advice on the design and implementation of mitigation measures, offsets and conservation banks to those who need it; and
- Build capacity of participants on the technical and policy issues involved.

The following report and accompanying resources and video links seek to capture the great breadth of experiences and diversity of contributions at the conference, and present the key findings and conclusions reached at the end of proceedings.

Opening Plenary: Current State of Play with NNL and Challenges Abroad

The conference opened with welcoming remarks from the three primary hosts:

- Peter Unwin, Director General, UK Department for Environment, Food and Rural Affairs
- Kerry ten Kate, Director, Business and Biodiversity Offset Programme
- Jonathan Baillie, Conservation Programme Director, Zoological Society of London

Peter Unwin described the commitment in the Natural Environment White Paper to halt net loss to biodiversity within the decade and to increase the overall extent of priority habitats by at least 200,000 hectares. He referred to Defra’s progress on natural capital accounting and payments for ecosystem services, to the Defra biodiversity offsetting pilots which will be reporting soon and said the UK government was looking forward to learning from the conference about biodiversity offsetting, as it will help Defra make an informed decision on the possibility of introducing an offsetting scheme in England.

Having welcomed participants to the meeting in the name of Forest Trends, BBOP and the conference programme committee, Kerry ten Kate began her remarks by raising some reasons for optimism: 39 countries have mitigation or offset policies in some form of development; 21 more are developing policies; and 78 Equator banks have adopted the IFC’s 2012 environment and social performance standards with their requirements of no net loss for impacts on

natural habitat and a net gain in the case of impacts on critical habitat. However, she pointed out that there are still few shining examples of independently verified net gain and considerable public mistrust of biodiversity offsets. Her main points were that we need to improve the full set of mitigation measures, including avoidance, minimization and the use of offsets as the last step, in order to realize goals of no net loss or a net gain. This can be done, she said, but only by applying high standards such as the BBOP Standard on Biodiversity Offsets.

Jonathan Baillie, speaking from the perspective of a scientific institution with a long track record of conservation expertise, raised the fact that we are experiencing a 30 percent decline in species abundance since the 1970s, and that current extinction rates are 100 to 1000 times greater than previous historical rates. Against this context, the use of mitigation and offsetting is a last resort but nonetheless a critical tool with which to slow the pace of species loss.

Three keynote addresses followed the welcoming remarks, from:

- Julia Marton Lefevre, Director General, IUCN
- Dr Braulio Dias, Executive Secretary, Convention on Biodiversity (CBD)
- Peter Bakker, President, World Business Council for Sustainable Development

In her remarks, Julia Marton Lefevre noted that IUCN was a founding member of BBOP, and was happy to have been involved in developing the Principles on Biodiversity Offsets. She further noted that IUCN was celebrating the 50 anniversary of the Biodiversity Red List this year. She pointed out that we cannot compensate for species extinctions. We are currently in a situation where the stakes are high: political will for a clear policy framework is needed and good guidelines as the basis for offsets, otherwise there is a risk of bad outcomes. IUCN has started work in this area.

Braulio Dias noted the CBD Aichi biodiversity targets set in 2010 and their particular relevance for biodiversity mitigation and offsetting. Many countries are integrating these targets into their national strategies and plans for biodiversity, but much work remains to help them deliver on these goals. Noting legitimate concerns about potential misuse and the need for high standards, rigorous procedures and protection of the rights of indigenous peoples, he felt that mitigation and offsetting can be important tools to help countries meet the CBD targets, and that the CBD can help address the gap in public policy in this area.

Peter Bakker spoke dramatically, saying 'Business as Usual is dead'. He felt that no net loss is not enough. It's like saying 'let's not kill anyone'. He appealed for holistic solutions that link no net loss of biodiversity to other conversations on carbon, water and development, to find systemic solutions and scale them up through innovation and valuation, and standards on natural capital accounting just as we have them for financial accounting. He urged the audience to do more to show that conserving ecosystems and biodiversity can promote economic growth and to formulate actionable goals for business.

In the ensuing plenary discussion, some themes emerged that would resurface often during the two-day conference:

- There is general recognition that biodiversity offsetting can be challenging and controversial, but that when offsets are used, they must be included within the bigger mitigation challenge and framework, and discussed as part of this rather than raised as an isolated issue.
- In any mitigation and offsetting programme, it is critical to apply the mitigation hierarchy consistently according to high standards (e.g. as reflected in the BBOP Standard and IFC Performance Standard 6). In the course of negotiations with governments and companies over the design of a mitigation programme, emphasis should be placed first on discussions related to avoidance, minimization and on-site restoration, before turning to offsets.
- Retaining and strengthening existing planning laws and environmental protection policies is crucial to the success of a mitigation framework. No Net Loss provisions and biodiversity mitigation and offsets should be

integrated within broader planning and policy frameworks including, where possible, identification of “no-go” zones and areas of high biodiversity value.

- Carrying out planning and also mitigation programmes at a landscape or national scale is important to support sound decision-making on where development can and cannot go.

Plenary Discussion: Reflections and Experiences with No Net Loss

The keynote speakers were then joined by four additional panellists for a fuller discussion about the 10-year progress in developing biodiversity mitigation and offsetting, and specific experiences with No Net Loss and Net Gain policies. The larger discussion was moderated by Forest Trends President and CEO Michael Jenkins and included panellists:

- Glynn Davies, Director of Programmes, WWF-UK
- Joe Kiesecker, Lead Scientist, TNC
- Jo Treweek, Director, eCountability Ltd
- Steven Dickinson, Senior Environment Advisor, Total Foundation

This broad-ranging discussion covered a number of topics central to the success of mitigation and offsetting strategies, and reinforced some of the key themes noted in the earlier plenary:

- It is essential both to plan and carry out a mitigation programme at a landscape or larger scale; our history with just protected areas is only capturing a very small part of the required lands needed for protection of biodiversity, and mitigation and offsetting offers a strategy and toolset for protecting species and lands that surround or connect PAs;
- Offsets should be the “bottom” of the mitigation hierarchy, and only planned for residual impacts after all reasonable efforts to avoid and then restore are determined;
- Government mitigation frameworks and strategies need to be based upon, and rigorously monitored against, strong science, technical rigour, and clear performance indicators;
- Financial institutions need to embrace and adopt new thinking and modelling that incorporates the values of natural services as well as the costs of environmental damage.

Plenary Debate: Biodiversity Offsets as Part of the Mitigation Hierarchy; Pros and Cons

The second plenary discussion of the morning addressed the specific question of biodiversity offsets and was structured as a debate. The session was moderated by Tony Juniper, Senior Advisor to the Prince of Wales’ Charities and a Fellow at the University of Cambridge Institute for Sustainability Leadership. The six panellists were drawn from the different sides of the offsets debate:

- Susie Brownlie, deVilliers Brownlie Associates
- Ariel Brunner, Birdlife International
- Hannah Mowat, FERN
- Morgan Robertson, University of Wisconsin-Madison
- Isaac Rojas, Friends of the Earth International
- Tom Tew, The Environmental Bank

The panellists began by articulating their specific perspectives and feelings regarding offsetting, three in favour of offsets (Tom, Morgan and Susie) and three opposed (Hannah, Isaac and Ariel). While the initial stages of the debate were structured to articulate differences in opinion, during the discussions signs of agreement started to surface and it became clear that most people do not lie at the extremes of the spectrum, believing ‘offsets: never’ or ‘offsets: a panacea’, but rather have strong views on the circumstances, conditions and timing in which offsets are and are not appropriate.

All the panellists agreed that robust land-use planning that included establishment of no-go zones and the rigorous use of the mitigation hierarchy were central to the success of any offset programme. It was pointed out that biodiversity offsets may be receiving the brunt of what is probably much broader discontent with a perceived weakening in land planning and environmental protection, for instance in England and increasingly in the EU and other parts of the world. Most panellists agreed that for success, the mitigation hierarchy must be reinforced with clear policy and strong enforcement – as seen in the German and US systems.

The panellists pointed out that the development of offsetting as used in mitigation of impacts on wetlands, streams, habitats and species has been mixed, especially in the early years of development of mitigation and offset programmes and future work around the world could learn from this.

Parallel Sessions 1 and 4: No Net Loss Experience in England and the EU

Session 1: Achieving the White Paper Vision of “Net Gain” and the future of offsets in England	
Chair/facilitator:	Ian Dickie, The Aldersgate Group
Rapporteur:	Jan Brooke, Jan Brooke Environmental Consultant Ltd
Panellists:	
<ul style="list-style-type: none"> • Will Armitage, Defra • Professor Elizabeth Cooke, Law Commission • Julia Baker and Amelia Woodley, Thameslink, with London Wildlife Trust • David Lowe, Warwickshire Defra pilot • David Hill, The Environment Bank • Jo Treweek, Director, eCountability Ltd • Martin Harper, RSPB • Henry Robinson, Country Landowners’ Association 	

The panel reviewed progress toward creating a Net Gain scheme in England including the use of biodiversity offsets. Several of the speakers stressed that proper application of the mitigation hierarchy is vital. Offsetting is an important element of the process, but should be the last step.

A key point raised was the need to secure offsets, in legal terms, to ensure delivery of the biodiversity and to give confidence to the landowner. A related point raised was the need to clarify the role of conservation covenants to realize “in perpetuity” in a meaningful way for the landowner and for the transfer of liability.

The session reflected on the use and utility of the current Defra metric with most feedback mainly positive, not least its role of facilitating quantification and communication about losses and offset requirements or gains. The metric remains a work in progress, needing refinement in areas such as use for landscape scale prioritization and how it relates to how species impacts are dealt with.

Recent experience suggests that offset costs are a relatively small percentage of overall project costs. There was discussion on what constitutes a “net gain” (e.g. how it should be measured). One example noted, the Thameslink project, calculates that it will generate a net gain equivalent to 15% of project impacts.

Baseline biodiversity data availability and adequacy were highlighted as important issues, both at the site or project level and (particularly) at a strategic scale. This data is essential to understand the context for biodiversity impacts, and to give confidence in the system of biodiversity offsetting. The planning system in England needs ecological skills to better utilize this data.

In the context of these issues and challenges, the range of stakeholders represented on this panel hold serious concerns on the proper use of offsets in the mitigation programme. However, in the face of prioritized economic growth and ongoing biodiversity loss, and through the use of a strong mitigation hierarchy and the BBOP principles, a large majority of the panel and audience were strongly in favour of mandatory offsets in England.

Session 4: Mitigation including Offsets in the EU: the “No Net Loss Initiative”	
Chair/facilitator:	Mike Barrett, WWF
Rapporteur:	Sebastian Winkler, Forest Trends
Panellists:	
<ul style="list-style-type: none"> • François Wakenhut, Deputy Head of Biodiversity, European Commission • Graham Tucker, IEEP • Annelaure Wittmann, Policy Officer, Ministry of Ecology, Sustainable Development and Energy, France • Marianne Darbi, IÖR, Saxony, Germany • Eric van Zadelhoff, Platform for Biodiversity, Ecosystems and Economy, Netherlands • David Álvarez García, EcoAcsa, Spain • Ariel Brunner, Birdlife International 	

This session broadened the mitigation and offsetting discussion to the full EU. Panellists cited examples from the EU No Net Loss Initiative; the French Avoid, Reduce, Offset sequence; the Burgberg Zschaitz habitat bank in Saxony, Germany; a proposed No Net Loss system in the Netherlands; and the introduction of conservation banking into Spanish National Law.

Much of the panel discussion centred on offsetting, but there was clear overarching consensus that offsetting is appropriate and can be considered within the No Net Loss framework where existing, and sound, legislation is fully implemented and enforced.

Panellists discussed some gaps in existing legislation that could be filled at EU level, but agreed that while current EU law and policy goes some way towards achieving No Net Loss, there will still be a gap to be addressed to hit the targets in the EU 2020 biodiversity strategy. Closing this gap, according to some of the panellists, can be done in large part through proper application of avoidance and mitigation in the hierarchy. Offsetting is a tool to deal with only the residual loss once the other steps of the mitigation hierarchy have been applied.

The majority of panellists also agreed that any biodiversity mitigation and offsetting programme must be mandatory and underpinned by strong policy and governance. There was some discussion about whether offsets should be state implemented or run through third party mechanisms, particularly in the private sector. There was agreement that in either case the need is for a clear framework based on strong policies, rules and governance.

Panellists also noted that a full mitigation and offset programme aiming at No Net Loss should not be restricted to the built or developed environment but should also encompass other impacts to the land including agriculture, forestry, fisheries, water use, mining and other extractive uses if we are to achieve no net loss.

Parallel Sessions 2 and 5: Establishing a No Net Loss System

Session 2: Establishing a NNL System - The Scoping and Design Stages, including landscape level planning	
Chair/facilitator:	Steve Edwards, IUCN
Rapporteur:	Toby Gardner, SEI
Panellists:	
<ul style="list-style-type: none"> • Kerry ten Kate, Forest Trends and Michael Crowe, Independent Consultant • Bruce McKenney, TNC • Joe Bull, Wild Business • Pippa Howard, Flora and Fauna International • Kirsten Hund, World Bank and Sally Johnson, Fairfield Consulting 	

Kerry ten Kate and Michael Crowe provided an introduction that provided the overall context for the initial steps in planning no net loss systems, such as reviewing existing policies that facilitate or hinder no net loss measures, biodiversity data and maps, and human and institutional capacity; cost-benefit analysis of no net loss policies; pilot projects with business partners; integration of no net loss/net gain planning with land use planning (the focus of Session 2); and the role of offsets in the context of the broader conservation effort toward NNL/NG.

The session then moved to a discussion of large-scale landscape level planning with the goal of No Net Loss in Mongolia and Colombia by Bruce McKenney. He offered key lessons on the application of the mitigation hierarchy, including projecting cumulative development impacts. The discussion continued with Joe Bull's description of the use of the mitigation hierarchy and landscape-level planning in the design of a new biodiversity offset policy for the remote semi-arid Ustyurt plateau in northwest Uzbekistan. Pippa Howard, representing FFI and describing work with Rio Tinto, described the use of aggregated offsets with Roessing in Namibia to maintain landscape level ecological integrity and take into consideration individual mines as well as cumulative impacts of multiple stakeholders. Finally, Kirsten Hund from the World Bank described the roadmap to aggregated offsets in Liberia and her collaborator Sally Johnson underscored that in many places, such as Liberia, project level offsets are too small, too fragmented to deal with cumulative impacts, so that aggregated offsets may often be the only way to plan for no net loss.

Some key lessons that emerged from this comprehensive panel session included that:

1. There is no alternative to a landscape scale approach. The challenge is what this approach should look like in terms of scale, timing and strategy.
2. Large scale, early action that is coordinated between project and national levels is the only way to ensure the full mitigation hierarchy is respected, that mitigation dollars are put to the most effective use and that offsetting can be utilized appropriately and effectively.
3. At a minimum, landscape assessments and planning need to be based on sound ecological principles and priorities and understand the ecological resilience of landscapes to absorb disturbance and the distribution of the biodiversity that we value. This is not always done.

4. In countries with a very immature protected area system and desperate lack of resources to implement conservation actions, project level offsets are too small, too fragmented to deal with cumulative impacts. Here aggregated offsets may often be the only answer to deliver long term solutions at scale.
5. In addition to defined areas of land where the conservation outcomes needed for offsets will be delivered, a suite of other management actions (such as capacity building) are important parts of the offset package. This is especially true where there are moving conservation targets such as highly mobile species.
6. Planning at a landscape scale also allows issues to be taken into consideration that go beyond the direct impacts of development projects themselves, such as the effects of climate change on species and of cumulative developments on migratory species, challenging as this is.

Session 5: Establishing an offset system – the implementation stage	
Chair/facilitator:	Arthur Eijs, Ministry of Infrastructure & Environment, the Netherlands
Rapporteur:	John Pilgrim, The Biodiversity Consultancy
Panellists:	
<ul style="list-style-type: none"> • Martin Szaramowicz, Flächenagentur Brandenburg GmbH • Mariana Sarmiento and Padu Franco, WCS • Vincent Hulin, CDC Biodiversité, France • Jeff Manuel, SANBI, South Africa • George Kelly, EBX, USA • Michael Crowe, Victoria, Australia 	

Martin Szaramowicz led off the session with a discussion of compensation pools and compensation agencies, citing a successful impact regulation in Germany. Mariana Sarmiento and Padu Franco described the results of a feasibility study for implementing a habitat banking system in Colombia. Vincent Hulin described establishing a conservation bank with CDC Biodiversité in Crau, France, and on a related theme, George Kelly summarized lessons learned from 20 years of implementing No Net Loss for wetlands and wetland mitigation banking in the USA. Jeff Manuel talked about development of national policy on biodiversity offsets and experience with guidelines in various provinces in the Western Cape, South Africa. Finally Michael Crowe described lessons from Net Gain planning in Victoria, Australia.

This session followed up on Session 2 by exploring the steps needed to prepare for implementation and how to get mitigation systems, including offsets, up and running. Discussions touched upon scientific, legal, financial and institutional aspects, and in particular considered the utility and success of conservation banking. Initiatives spanning Australia, Colombia, France, Germany, South Africa and the US demonstrated positive early experiences, while also making clear that much remains to be achieved. In particular, it was noted that it will take a long time to scale up to fully functioning mitigation and offset systems from these successful examples. The panellists stressed the crucial role of governments in setting up and standardizing regulatory frameworks as a means to establish successful mitigation and offset programmes.

The panellists reiterated certain key lessons and themes for consideration in any new mitigation and offset program. These include:

- The mitigation framework and any provision for offsetting must be done under the auspices of a high standard, such as that of BBOP.

- Government must create a level the playing field for companies through enactment of clear policies and consistently-applied regulations.
- Consistent and even-handed enforcement is key to driving mitigation and offsets in the first place and to ensuring their success.
- Conservation banking is a powerful way to diminish transaction costs and help aggregate gains from offsets.

Session 9: Implementation Mechanisms

Session 9: Implementation Mechanisms	
Chair/facilitator:	Ray Victorine
Rapporteur:	Melissa Moya
Panellists:	
<ul style="list-style-type: none"> • George Kelly, Environmental Banc & Exchange, USA • Michael Crowe, Independent Consultant, Australia • Vincent Hulin, CDC Biodiversite, France • Luis Bernardo Honwana, Biofund, Mozambique 	

This session covered the legal, financial and institutional arrangements that can be made to ensure the long term success and good governance of mitigation measures including biodiversity offsets. The panellists explored the variety of tools at offset planners' disposal in a variety of jurisdictions, in particular, management agreements (performance contracts), conservation covenants and trust funds.

Some of the key points raised by the panellists included:

- Strong government policies, a regulatory framework and consistent and strong enforcement are the basis for establishing long-term legal, financial and institutional implementation arrangements, including management agreements, covenants and easements, and endowments and conservation trust funds.
- In performance-based agreements, landowners or mitigation banks are key actors to ensure successful management.
- Measures are important: outcome-based measures can provide specific indicators that ensure accountability.
- Financing instruments ensure performance and permanence in implementing offsets.
- Implementation of management plans requires financial projections for investment and operating costs. Pricing of offsets needs to cover costs, factoring in the long-term nature of offset obligations and risk of delivery.

Management agreements are performance-based legal contracts between a 'principal' and an offset provider. These are an effective way to deliver conservation outcomes as part of an offset. Examples presented include:

Management Agreement (Victoria, Australia): management agreements between government and the landowner are placed on the land title and ensure performance based on inputs, progress payments and monitoring.

Habitat Bank (France): In France's first Habitat Bank, CDC Biodiversité entered into a 30-year agreement with the French Ministry of Environment and Forests to manage an offset site (Cossure). The agreement commits the parties,

regulates conditions to sell and register biodiversity units (under strict control of the French State), and describes monitoring requirements and governance for the project. There are also agreements with the adjacent reserve, local farmers managing cattle and scientists.

Mitigation Banking Instrument (US): Based on 12 elements of a Mitigation Plan, the MBI identifies credit terms, area, financial assurances (bonding requirement), easement placement, performance standards, monitoring and maintenance, and endowment obligations for long-term management. Importantly, mitigation banks created under US law for wetlands, stream banks and endangered species must include permanent land protection through acquisition or a donated easement, and must also include an endowment for funding regular monitoring and enforce measures.

Conservation easements and covenants ensure permanent land use consistent with offset activities. In the US, the easement (held by a third party) or restrictive covenants (a commitment by land owner registered on the title to the land) need to be recorded in land records before the credit is introduced. Land uses allowed depend on federal and state law with issues related to timber and mineral rights. Tax benefits of a donated easement can accrue to the landowner. In Victoria, offset delivery by third parties involves a covenant on the land which includes a management agreement with periodic payments based on performance. A safety factor in the gain calculation can cover leakage in agreements and natural disasters.

France’s new Habitat Bank is the landowner of the Cossure bank. There are also new contracts for permittees that are of short duration. France’s Biodiversity Law will allow for conservation covenants, but the social acceptance of covenants is not high in France, and this may affect the adoption of offsets. Performance bonds underwritten by sureties or letters of credit tied to the value of construction can help ensure implementation of the offset activities, by ensuring long term financial provision.

Conservation Trust Funds (CTFs) offer a useful mechanism for transparently managing offset financing in many countries. CTFs are independent funds or foundations that manage long-term financing for conservation and are well suited to play an important role in managing biodiversity offset financing based on best practice standards for good governance and financial management. Today there are more than 70 CTFs operating in Africa, Asia and Latin America. In Mozambique, the Conservation Fund, Biofund expects to play a role in biodiversity offsets by convening actors, channelling funds to protected areas, and to other conservation actions and monitoring the impacts of the offset financing. In Mozambique, where only 35% of the protected area budgets are covered by Government and donor resources, the potential for financing existing protected areas as offset sites are an attractive proposition. In such situations, where protected areas are underfinanced, funding from biodiversity offsets may be considered “additional”, complementing other sources of funding and other conservation measures.

Parallel Sessions 3A, 3B, 6A and 6B: No Net Loss and Net Gain on the Ground

Session 3A: No Net Loss and Net Gain on the Ground	
Chair/facilitator:	Derek Melton, Golder Associates
Rapporteur:	Linda Krueger, The Nature Conservancy
Panellists:	
<ul style="list-style-type: none"> • Andrew Cooke – Ambatovy Project, Madagascar • Wolfgang Wende, IÖR – Berlin road extension, Germany • Bob Edmonds, SLR Consulting – Bardon Hill quarry expansion, UK • Malcolm Starkey and Robin Mitchell, The Biodiversity Consultancy – QMM, Madagascar 	

The panellists delivered presentations on the four projects, all of which had planned and implemented (or were in process of implementing) offsets as part of the mitigation hierarchy. While the projects spanned a range of contexts (geographic, jurisdictional, biodiversity, project size, etc.) common recommendations across all the projects included:

- Rigorously implement the mitigation hierarchy, especially avoidance and minimization of impacts;
- Start offset planning as soon as possible during EIA process;
- Community issues can be a major delivery risk, particularly when there is no/little regulatory oversight; Stakeholder engagement was viewed as critical component of all projects, including those under strict regulatory control (Germany);

Ensuring the legal security of offsets, long term financing and governance were key issues for all projects, except those under government regulatory authority (German project example). The existence of a mandatory legal and regulatory framework gives the greatest chance for success. Otherwise, in voluntary offsets, the greatest gains are those in areas under direct company control of the proponent whose activities have an impact on biodiversity. At least two of the presenters noted the importance of having ‘on-site’ and ‘off-site’ offsetting, and emphasized that for on-site (essentially avoidance or set-aside) offsets, these areas need to fulfil the same requirements as offsets located elsewhere – i.e. they need to provide additional, comparable conservation outcomes and their long-term protection and management must be assured – to contribute to No Net Loss and Net Gain outcomes.

Projects are increasingly trying to integrate ecosystem services into impact assessment and the identification and implementation of mitigation measures. Social and biodiversity teams need to work together early in the impact assessment process to address ecosystem services in mitigation planning. Participants noted that since valuation of ecosystem services and offsetting are both in their infancy, it is challenging to unify guidance on offsetting for ecosystem services.

Session 3B: No Net Loss and Net Gain on the Ground	
Chair/facilitator:	Rein Willems, Platform BEE
Rapporteur:	Amrei von Hase, Forest Trends and Fabien Quétier, Biotop
Panellists:	
<ul style="list-style-type: none"> • Brice Quenouille, Biositiv, & Fabien Quétier, Biotop – Bouygues CNM high speed rail line, France • Amrei von Hase, Forest Trends – Afrisam limestone quarry, South Africa • John Pilgrim, The Biodiversity Consultancy and Kina Murphy, WCS – Oyu Tolgoi mine, Mongolia • George Kelly, Environmental Banc & Exchange – Wetland/Stream mitigation examples, USA South Fork Hoppers Tygart Valley 	

A diversity of projects, at different stages of development, and covering a range of contexts, was presented in this session. Noteworthy was that in each case, the application of the mitigation hierarchy including offsetting, occurred in response to a policy driver, i.e. compliance with government regulations or requirements (in France, USA and South Africa) or standards by financial institutions (Mongolia) underpinned the approaches taken. A common theme emerging from the session as a whole was the importance of a policy and regulatory framework in which to embed offsets, to provide clarity, certainty and a level playing field.

The question and discussion time focused on certain technical issues, including:

- Different metrics that were applied by the projects (depending on the respective requirements) or which could be applied (for vegetation/habitat and/or species) and whether a ‘common metric’ was available,

- The use of multipliers to account for time lags
- The challenges regarding which biodiversity components to assess (e.g. those that ‘people care about’ – such as priority species and ecosystems, and representative biodiversity components)
- The importance of addressing the impacts that the establishment of an offset may itself have
- Setting up an appropriate monitoring system (including indicators that reflect conservation outcomes not simply process-related aspects),

Other issues raised by the presenters and audience with respect to ‘making No Net Loss a success’ included:

- The importance of applying high standards (e.g. the BBOP Standard, IFC Performance Standards)
- The crucial role that stakeholder engagement and transparency play, especially at the offset stage: ‘black-box’ approaches don’t work.
- The need to *demonstrate* application of the mitigation hierarchy steps prior to offsets (avoid, minimize) and to show evidence for restoration success,
- While common principles can apply to No Net Loss and offsetting, considering context-specific issues and developing appropriate responses is essential for these to work in a particular setting – i.e. mitigation measures and offset activities have to be tailored to the relevant ecological, social, practical circumstances.
- The enabling role that landscape planning has for sound decision-making at a scale beyond the project level,
- The need for long-term appropriate monitoring to track implementation success.

Session 6A: No Net Loss and Net Gain on the Ground	
Chair/facilitator:	Bruce McKenney, The Nature Conservancy
Rapporteur:	Vanessa Mass, Ambatovy Project
Panellists:	
<ul style="list-style-type: none"> • Colin Scott, ABP Marine – Experience with various projects in the UK • Gavin Lee, WBN – Weda Bay Nickel, Indonesia • Natalia Arango, Fondo Accion – Gramalote, AngloGold Ashanti, Colombia • Leonardo Viana, Conservation International – Experiences working with partners on various projects • James Spurgeon, independent consultant – Global project experience with a focus on coral reefs 	

This session was comprised of panellists who are generally working at the early stage of project and mitigation design or implementation. Those involved with specific company-sponsored projects recommended that any company getting involved in this space should take steps to incorporate the mitigation hierarchy into the project’s planning right from the beginning, and should also make a commitment to the mitigation hierarchy at the corporate level. This allows for the legitimate use of offsets.

As noted by previous panels, it is important to adopt a landscape approach to mitigation including offsetting, accompanied by a tool or method to understand cumulative impacts across the landscape. It is also important to have an auditing and monitoring process in place that provides for continuous review and adaptive management. Finally, it is essential to engage with communities from the beginning, and to build appropriate safeguards and also benefit-sharing mechanisms. It is valuable to track and quantify the other benefits associated with offsetting (e.g. flood protection, carbon sequestration, economic gains) and communicate these values and other positive benefits.

From the perspective of business participation in mitigation and offsetting, it is important to develop a business case for implementation for the mitigation hierarchy as early as possible in project development, so as to reduce environmental liabilities, attempt to avoid loss of high value forest and other components of biodiversity, and seek to reduce costs. Internally, it is important to get decision makers to understand the mitigation hierarchy and then to formally commit to it early on, and it helps to find internal champions to drive the mitigation hierarchy within companies.

Session 6B: No Net Loss and Net Gain on the Ground	
Chair/facilitator:	Jon Ekstrom, The Biodiversity Consultancy
Rapporteur:	Rowena Smuts, SRK Consulting
Panellists: <ul style="list-style-type: none"> • Sandra Berman, Lyonnaise des Eaux - Suez Environment project, USA • Anders Enetjärn, Enetjärn Natur - Ume River Delta railway, Sweden • Helen Nyul & Pippa Howard, FFI - Greenfields Mining Project, Finland • Valérie David, Eiffage - Le Mans-Rennes railway, France • Claire Wansbury, Atkins - A21 to Tonbridge widening, UK • Stina Eriksson, LKAB - Mertainen project, Sweden 	

Panellists in this session described their specific projects, many of which covered such core issues as additionality, stakeholders, application of mitigation hierarchy for No Net Loss, land acquisition, etc. Panellists stressed the need to ensure a direct link between the losses and the gains. What potential impacts are the avoidance measures avoiding? What about minimization, or restoration? At what point are there unavoidable, residual impacts for which offsets will come into play?

From a company perspective, it is important to seek to institutionalize biodiversity management so that engineers are not wasting money developing engineering options which have not taken biodiversity into account. Company culture is fundamental.

From a government perspective, sound policies and regulatory frameworks offer greater technical expertise and greater enforcement potential as well. Clear policies and a transparent, consistently applied regulatory system are better for companies as they level the playing field and offer predictability in managing the system. Governments can usefully do due diligence on companies before they are allowed to bid for concessions in a country.

Parallel Sessions 7 and 10: Safeguards and Standards

Session 7: Safeguards and Tools	
Chair/facilitator:	Eva Zabey, WBCSD
Rapporteur:	Annelisa Grigg, Globalbalance
Panellists: <ul style="list-style-type: none">• Lori Conzo, IFC and PS 6• Kerry ten Kate and Amrei von Hase, Forest Trends and BBOP• Gertjan Roseboom, Shell and CSBI timeline tool• George Ledec, The World Bank• Rachel Asante-Owusu, IUCN	

This panel explored whether companies, investors and governments have the safeguards and tools available to apply the mitigation hierarchy to projects with rigour. Panellists explained and explored a range of tools available to help companies and governments plan and execute no net loss measures. Panellists also discussed social and environmental safeguards and, in particular, the latest toolkit from the World Bank.

Several panellists identified the need for a more effective policy or regulatory framework to drive the use of the tools discussed and the use of the safeguards protocols. A regulatory framework would ensure consistency and transparency in the development and usage of mitigation programmes including biodiversity offsets. The panellists noted that the effectiveness of the implementation of the tools and safeguards is fundamentally affected by the people using them, who vary in expertise and experience, and this affects the consistency and quality of their application.

The majority of attendees felt that they did not yet have all the tools needed to deliver no net loss and that the approach will not become mainstream before 2025. Although the continued development of tools and standards is important, there is a lack of individuals with the practical, site level ecological skills and the ability to communicate, negotiate and reach acceptable compromises with governments and businesses. This gap gives rise to a serious need to build capacity inside and outside government as more and more mitigation and offset programmes are launched.

A number of tools are in place, but many are new and are still under development. There is a need to test these tools and undertake a process of adaptive management to improve the standards that they are helping implement. Tools outlined included the Cross Sector Biodiversity Initiative timeline tool and guidance on the mitigation hierarchy (end deadline 2014), BBOP's Principles and Standard on Biodiversity Offsets, the IUCN Red List for species and ecosystems, Protected Planet, Key Biodiversity Areas and the World Bank's proposed offset guidance, source book and roadmaps for offset implementation in Liberia and Mozambique. The World Bank is about to embark on a review of their environmental and social standards to consolidate them and fill in any gaps.

Early planning and talking to the right people at the right time was identified as an important success factor in delivering no net loss. Common sets of overarching principles (like BBOP ones) are helpful, and more detailed sector specific guidance and standards are also important. Effort should focus on material issues but not at the expense of those issues that may not yet be material but could be so in the future. Partnerships and strong consultation processes are an important feature in tool development, testing and implementation. Standards are being developed but there is variability in their implementation. Successful tools, such as IFC PS6, are independent and offer practical concepts to manage risk such as the mitigation hierarchy. Companies and governments can learn from each other as to what works and what does not in implementing tools.

Lack of information is always an issue in decision making, regardless of the subject. Some feel there is sufficient data already for action and that what is needed is examples of practical implementation and the opportunity that they present for lessons learned and clearer incentives to use the information. Others believe lack of data is a fundamental barrier to progress. More effective impact assessment processes and better, corporate funded, data sets are required placed within a context of Strategic Environmental Impact Assessments and Landscape level planning.

Session 10: Learning from Global Standards	
Chair/facilitator:	Michael Jenkins, Forest Trends
Rapporteur:	Jen Cassin, Forest Trends
Panellists:	
<ul style="list-style-type: none"> • Olof Johansson, Sveaskog • Adrian Rimmer, Gold Standard Foundation • Jan-Maarten Dros, Solidaridad • Maria Varbeva-Daley, British Standards Institute • Alice Alexandre, LIFE Institute 	

While national laws and international standards on No Net Loss (such as IFC’s Performance Standard 6 and the BBOP Standard on Biodiversity Offsets) are mostly in their comparative infancy, there are several precedents in related fields of social and environmental policy. These can offer valuable lessons for practitioners and policy makers working on biodiversity mitigation and offsets, and establishing new standards.

Panellists offered examples of how certification and international standards interact with regulatory measures to bolster both voluntary and regulatory compliance with best practices. For example standards and certification on forest management, such as FSC and PEFC, can facilitate the transition from illegal logging to compliance with regulatory measures – voluntary standards can pave the way for better legislation and enforcement, and legislation can help drive the development of better standards. . Production certification in commodity agriculture (palm oil, soy, sugar, cotton, beef) is another. Experience with the compliance and voluntary carbon markets represent a third, valuable area of standards and performance monitoring from which to pull monitoring and verification schemes. Biodiversity certification processes such as LIFE Certification are another. Following from parallel session 7 on tools and safeguards, the panellists discussed how compliance with several standards can be harmonized, and whether carbon, biodiversity, water and other credits can be ‘stacked’ or ‘bundled’.

The panellists confirmed the overall value of standards and standard-setting bodies, which give definition and enable more consistent measurement, transparency and credibility. Many standards (including the first rules for biodiversity offsets) have emerged primarily with mining and energy companies but there has been far less success engaging the agricultural community, even though agriculture’s impacts are huge. The carbon market standard-setting bodies such as the Gold Standard Foundation offer a wealth of experiences in determining standards and methodologies as well as impact assessment and verification rules and protocols.

The panellists also confirmed the importance of considering livelihoods, and effective stakeholder engagement and consultation in developing standards and certification. Examples were noted where consultation and engagement resulted in improved local livelihoods with the adoption of certification and standards. An example of working with indigenous communities is the involvement of the Sami people with the development of FSC certification in Sweden. Several panellists highlighted the need for effective grievance mechanisms that are open to communities and stakeholders – to ensure effective implementation of standards but also to identify and address potential social

impacts. The need for continuous evaluation and improvement was addressed by several panellists – particularly with respect to evaluating social impacts.

Some of the drawbacks or challenges raised by the panellists with regard to standards include: the need to evolve from project-scale standards to jurisdictional and larger-scale landscapes (or full national programmes); the need to harmonize standards and methodologies where possible (with the caveat that we need to see actual examples of where this has worked); addressing lack of data for biodiversity and for the threats to biodiversity, and the need to be able to monitor and verify specific impacts.

Parallel Sessions 8 and 11: The Role of Finance in the Delivery of No Net Loss

Session 8: The Role of Finance in the Delivery of No Net Loss	
Chair/facilitator:	Peter Carter, Independent
Rapporteur:	Morgan Robertson, University of Wisconsin
Panellists:	
<ul style="list-style-type: none"> • John Tobin, Credit Suisse • James Vause, Defra • Eric Swanson, Forest Trends • Ian Dickie, eftec • Richard Burnett, Earth Capital Partners and Cambridge University • Sophie Le Pennec, Eramet • Katia Karousakis, OECD 	

Session 11: The Role of Finance in the Delivery of No Net Loss	
Chair/facilitator:	Peter Carter, Independent
Rapporteur:	Eva Mayerhofer, European Investment Bank
Panellists:	
<ul style="list-style-type: none"> • Zoe Knight, HSBC • James Ranavaion, European Investment Bank • Lauren Piermont, CDC Biodiversite • Richard Burnett, Earth Capital Partners and Cambridge University • Assheton Carter, Althelia Ecosphere • James Vause, Defra 	

These two related sessions on finance played a role in emphasizing the point that finance is the glue that makes good ideas stick. As biodiversity mitigation and offsetting gain traction, a new natural capital asset class is taking hold and lively discussions took place in these two panels to explore what this means for a variety of stakeholders, not just the financial services sector itself.

Most audience members were not finance specialists, so the sessions yielded much in terms of awareness raising on the topic and bridge building among people often with very different backgrounds. Participants discussed the demand for finance for investment in No Net Loss-related asset formation; without yielding anything more than ballpark figures, one assessment put this number at the tens of billions of Euro over the next few years. This demand reflects the emergence of a new asset class. Participants also discussed the financial product mix, which itself is becoming more sophisticated.

The underlying drivers of this demand are performance standards and regulation; the main requirements they give rise to are related to investment in infrastructure and natural capital related projects. At the same time, the financial services sector is beginning to engage actively in the 'Natural Capital' space to protect its balance sheet through risk management, but it is also seeing opportunities for good return/risk ratios.

To satisfy demand for finance for asset formation, use is being made of traditional financial products, but we are also seeing the emergence of innovative finance that might take the form of public private partnerships or of other new types of securities such as green bonds.

A warning was sounded to those seeking investment finance. The amount and complexity of the due diligence carried out by the financial sector is likely to go up, as standards are deepened and the scope of the safety checks is extended into new areas of concern.

In order to do more financing, the financial services sector needs more and smarter regulation, backed up by more political will. Environmental markets will continue to be underpinned by regulation, building on the experience of various conservation finance schemes, including notably the biodiversity banking market in the US and the global carbon markets where there are lessons to be learned.

There may be scale mismatches for finance: whereas most supply is channelled through national schemes driven by regulation, demand often derives from local concerns. Is it possible to scale up biodiversity as an asset class without compromising the site specificity of conservation goals? Specifically, is it reasonable and practical for the small banks to apply international safeguards and performance standards to their lending practices? And if they don't, they may gain a competitive advantage over the banks that do.

Convincing financiers to take an interest in conservation will probably require more and definitely smarter regulation, as well as positive commitments to natural capital on the part of government. Given that the IFC Performance Standards and various types of regulation are the underlying drivers requiring the financial sector to build biodiversity and ecosystems considerations into project investment decision making, more and different kinds of due diligence on the part of financial institutions will be called for. The costs of due diligence and the ancillary costs of the projects themselves will go up (though not necessarily the costs of finance itself). However, these modest additional costs are an application of the "polluter pays" principle, since banks will be financing the polluter.

In terms of the supply of finance, the financial sector can be innovative in the natural capital space, but it needs government to provide the political signal and follow through on their policy commitments, reinforced with a strong regulatory market. Without this, it will not be possible to make much of a difference, by leveraging the private sector to achieve the scale necessary for liquidity in the market for natural capital.

As the notion of NNL and related matters are scaled up, those involved will increasingly come to see the need for the financial services sector and appreciate its role. This conference took an important step in that direction.

Session 12: Challenges for Impact Assessment Practitioners

Session 12: Challenges for Impact Assessment Practitioners	
Chair/facilitator:	Jo Treweek
Rapporteur:	Susie Brownlie
Panellists: <ul style="list-style-type: none">• Derek Melton, Golder Associates• Susie Brownlie, deVilliers Brownlie Associates• Jo Treweek, eCountability• Rowena Smuts, SRK Consulting• John Pilgrim, The Biodiversity Consultancy• Fabien Quétier, Biotope	

Jo Treweek gave a brief overview of key points from a recent meeting of the Chartered Institute of Ecology and Environmental Management (CIEEM) on biodiversity offsets. Derek Melton presented key points from sessions on No Net Loss, Net Gain and biodiversity offsets at a recent meeting of the International Association for Impact Assessment (IAIA). John Pilgrim explained the process followed by the IUCN Technical Support Group on biodiversity offsets. Susie Brownlie, Rowena Smuts and Fabien Quétier gave their perspectives on three issues, based on their experience, namely: integrating offsets with the impact assessment process; tools, standards, guidance and training; and the needs of the practitioner.

Panellists stressed the need to have good baseline information that takes into account the changing nature of the affected environment. Although it is essential to follow the mitigation sequence, impact assessment practitioners should think about the full hierarchy from the start, prioritizing avoidance of significant biodiversity – early identification of critical biodiversity and risk assessment were crucial. In reviewing the effectiveness of different steps in the mitigation hierarchy, restoration as a proposed mitigation measure is in many cases more myth than reality.

Explicit policy and regulatory requirements, the requirements of financial institutions and/or corporate commitments are all pre-requisites for practitioners to work to achieve no net loss or net gain. Enabling factors for good outcomes are clarity on priority areas in the landscape and explicit ‘no go’ areas or ‘non offsetables’, as well as up-to-date and reliable biodiversity data. Ways to ‘get around taxonomy’ in data poor areas were raised as a challenge, as was determining exactly when – and to what extent – to address offsets during the impact assessment process (since some developments would not be authorised). The need to be practical and align studies with established project cycles and practices was emphasised.

Professional registration, peer review and explicit standards are needed to ensure high quality of practice in mitigation and offset work. Moreover, training and capacity building at many levels (authorities/ regulators, financial institutions, impact assessment consultants and specialists, civil society organisations) on applying the full mitigation hierarchy was urgently required.

‘Averted loss’ offsets were discussed; while seen as valuable, it was felt that there was a risk of ‘fudging’ the metrics to reduce the offset requirement. Also, there is a need to align no net loss goals at project level with those at national level. Panellists and members of the sessions highlighted the need for documented case studies, real-life experiences, success stories and learning points from regulated and voluntary offsets. Some felt that confidentiality issues and the need to wait until an offset has been verified hindered the sharing of experiences. Transparency and disclosure of offset plans and performance records was seen to be important. There is also a need for guidance on:

what is ‘good enough’ rather than ‘perfect’ in designing offsets, offsetting in protected areas, and in marine and aquatic ecosystems; and on financing, acquiring and protecting offset areas.

Business Roundtable

Business Roundtable	
Chair/facilitator:	Assheton Carter, Althelia
Rapporteurs:	Edit Kiss, Althelia and Amrei von Hase, Forest Trends
Members:	
<ul style="list-style-type: none"> • Sophie le Pennec, Eramet • Valerie David, Eiffage • Marie-Eve Reinert, EDF • Deviah Aiama, IUCN • Helen Crowley, Kering • Warwick Mostert, DeBeers • Jaap Petraeus, FrieslandCampina • Jim Rushworth, Lafarge 	

The discussions revealed that companies have a range of different corporate policies related to No Net Loss or a Net Positive Impact on biodiversity. These were either developed as a result of visionary leadership (i.e. a high-level approach within the company) or to formalise ground-level experience and mainstreaming of better biodiversity management at individual sites.

There is a big difference in how No Net Loss is taken into account in different sectors – for instance, mining company and other sectors with direct footprint impacts vs sectors such as food, beverages and retail where the biodiversity issues lie in the supply chains in agriculture, forestry etc. The business case varies accordingly, and ranges from access to resources (and quality resources) to long term security of supply chains and sustainability (e.g. farming enterprises). It remains a challenge for companies to quantify in financial terms the cost to business of delays in permitting and other factors related to biodiversity management issues that could be improved by good mitigation and No Net Loss standards. This challenge arises partly from a lack of methods and tools, yet a grasp of the financial implications of abiding by No Net Loss (and of failing to do so) is important for making the business case for biodiversity. It was widely acknowledged that stronger and clearer policy frameworks, supported by appropriate institutional frameworks and arrangements, will be important to create certainty and a level playing field.

Participants agreed that there is now a variety of tools and methods for incorporating no net loss of biodiversity into business planning, including Biodiversity Action Plans, environmental management systems, and other measurement tools that companies develop internally or with their partners. These need to be context specific – as generalized, overarching methods are rarely adequate, but it is helpful for the suite of tools to be guided by agreed principles and standards, including the application of the mitigation hierarchy.

All the participants in the roundtable echoed the importance of partnerships with NGOs and in particular with local players where the business is operating. They felt that one of the most valuable aspects of partnerships is that these provide them with the expertise needed to advise on, and undertake, some of the very specialist and highly skilled work required for No Net Loss planning. Several participants emphasised the importance of professional networks and fora that bring together players from different fields (i.e. government, the private sector, civil society, and

finance), for example BBOP and FrieslandCampina’s participation in the Dutch Platform on Biodiversity, Ecosystems and the Economy.

Government Roundtable

Government Roundtable	
Chair/facilitator:	Arthur Eijs, Ministry of Infrastructure & Environment/Department of International Affairs
Rapporteurs:	Guy Duke, Independent consultant, Ray Victurine, WCS and Kerry ten Kate, Forest Trends
<p>Members:</p> <ul style="list-style-type: none"> • Nelson Noël Messone, Minister of Environment, Gabon • Mr Tulga B, Vice Minister, Ministry of Environment and Green Development, Mongolia • Tom Okurut, Executive Director, National Environment Management Authority, Uganda • John Moffat, Director General of Regulatory and Legal Affairs, Environment Canada • Braulio Dias, Executive Secretary, Convention on Biological Diversity • Michael Crowe, independent • George Kelly, EBX • Preston Hardison, Tulalip Tribes • Martin Harper, RSPB 	

All the participants in this roundtable were clear that government has a fundamental role to play in establishing policy that offers an enabling framework for businesses and members of civil society who are working for no net loss. They felt it is advisable to establish compensation for all significant residual impacts. Some intervention is needed as we are not on track to achieve the Aichi targets established under the Convention on Biological Diversity. Participants stressed the necessity of regulatory certainty, clear rules of the game, and thus clarity on what is expected of business. They touched on the need, more broadly, for government to create an overarching policy framework for sustainable business, as measures for no net loss including biodiversity offsets are tools to contribute to achieving sustainability.

Another issue that arose was the importance of engaging all key parties and communicating clearly in the right language for each group, in order to avoid polarised positions within society and to foster broad agreement on measures for no net loss. The special case of engagement with indigenous peoples, and policies to embed the necessity of obtaining their free and prior informed consent for developments (and associated mitigation measures) that affect them were raised, and NGOs present mentioned that they stand ready to assist with this.

A recurring theme of the discussion was the need for good coordination between different departments and agencies of government, and between different levels of government (national-provincial-local), and how challenging it is for governments to produce coherent results with mitigation policy in this way. Examples were given of approaches to enhance coordination, such as interdepartmental task forces and a new council (in Peru) that create an integrated ‘one stop shop’ for coordinated permitting that will capture baseline info to inform impact assessment and monitoring. NGOs in the audience mentioned that coordination among NGOs, particularly in their activities within countries, is also important to support governments in their planning for no net loss, and several of the big NGOs have taken early steps in figuring out how to do this better. Still on the theme of coordination, a member of an international financial institution urged developing country governments to encourage companies to get together to

tackle impacts on biodiversity. (This would help cumulative impacts to be taken into consideration and also allow for aggregated offsets that should produce better conservation outcomes than smaller, individual offsets.)

Members of the roundtable and several members of the audience spoke to the importance of planning to underpin no net loss and mitigation policies. Planning at the landscape scale, particularly through moving up to impact assessment at the landscape, sector or regional (strategic environmental assessment) level was felt to be an important goal. Planning strategically and early in the decision-making process is the way forward. As part of this, participants stressed the importance of basic biodiversity mapping as well as assessment of no go areas. Another remark was that it helps to acknowledge and correct the lack of clarity in project-level environmental impact assessment, and poor implementation of associated environmental conditions of planning permits, which is a common phenomenon.

Another vital issue that came up in the roundtable discussions was the urgent need for capacity building for governments in this area and donor finance to support it. The bilateral and multilateral donors present reminded governments that, for this to happen, recipient countries need to prioritise mitigation, biodiversity offsets, no net loss and net gain planning in their requests for finance.

Final Plenary Session

Participants gathered for a final plenary session in which representatives from all the sessions reported back on the key findings/recommendations for their session. These reports are largely included in the previous pages of session summaries.

As noted in the introduction, a number of themes and key issues emerged and were repeated over the two days, such as the widely shared view that approaches to No Net Loss and a Net Gain can improve the quality of mitigation measures, including biodiversity offsets, to secure a better outcome for conservation than under the status quo, provided these measures are undertaken to a high standard and a number of important issues and themes are taken into account. Some of the top issues on which there was broad agreement are summarized under 'Conclusions and Next Steps', below.

In the closing minutes of the conference, Bráulio Dias, Executive Secretary of the Convention on Biological Diversity congratulated the organisers and stated that no net loss planning, particularly following the mitigation hierarchy with rigour, is intimately connected to several of the Aichi targets and he encouraged everyone to follow the discussions at CBD COP12. Andrew Cooke, Chairman of the BBOP Executive Committee said the conference had allowed the participants to learn from one another. He explained that the BBOP Executive Committee had found it very stimulating and would reflect on what they had learned to look beyond the No Net Loss Summit and produce an updated strategy for BBOP. Kerry ten Kate, Director of BBOP and of Forest Trends' Biodiversity Initiative thanked the co-hosts, partners, organizing committee, sponsors, volunteers and her team, as well as all the conference participants, for making the meeting such a success.

Report Conclusions

The conference covered a very wide range of issues, with best practice examples of mitigation measures including biodiversity offsets around the world and recent developments in practice and policy in the EU, Latin America, Africa, Asia, the US and Australia. It explored the place of offsets in the mitigation hierarchy, the need for high standards for all mitigation measures, respect for the rights and interests of indigenous peoples and local communities, the importance of landscape-level planning, integration with impact assessment, strategic environmental assessment and linkages between biodiversity, carbon and watershed planning. The opportunities and challenges of making a success of no net loss were also discussed, such as the business case, government regulations, financing aspects, implementation and monitoring of mitigation measures including offsets.

Many useful lessons were shared throughout the two days and recommendations sprang from every session. However, a number of cross-cutting, key issues emerged as major themes from the two days' discussions, as summarized below:

- **Strengthen protection:** Activities, policies and frameworks to mitigate impacts on biodiversity, including those related to biodiversity offsets, must strengthen and not weaken biodiversity protection. Improving the application of the mitigation hierarchy and working towards no net loss and a net gain of biodiversity is intended to ensure greater rigour and a better outcome for conservation than under current systems, and not to undermine them.
- **Clear policy:** For NNL/NG to become a realistic prospect in a country, clear and unambiguous policy requirements that establishes high standards are needed. Many participants doubted whether voluntary systems are enough to encourage a big enough proportion of developers to plan for no net loss, nor landowners to invest in conservation activities as offsets. All participants accepted that government has a critical role to play, levelling the playing field, reducing uncertainties for business, ensuring good outcomes for people, and keeping standards high.
- **Biodiversity offsets in context:** There is general recognition that biodiversity offsetting can be challenging and controversial, but that when offsets are used, they must be discussed and included within the broader mitigation framework, and not raised as an isolated issue.
- **High standards:** In any impact mitigation programme (including biodiversity offsets), in order to enable good outcomes for biodiversity and people, it is critical to apply the mitigation hierarchy consistently according to high standards, such as those reflected in the BBOP Standard and IFC Performance Standard 6. In the course of negotiations with governments and companies over the design of a mitigation programme, emphasis should be placed first on discussions related to avoidance, minimization and on-site restoration. Flexibility in the approaches taken to achieve no net loss was encouraged, but clarity on the biodiversity outcome was felt to be important. Standards need to strike a balance between being too prescriptive to be practicable and being too flexible to be credible or to offer assurance of outcomes.
- **Landscape-level planning:** Assessing proposed project development and mitigation of impacts in the context of spatial plans undertaken at a landscape or national scale is important to support sound land use decision-making. For instance, it informs where development should or should not take place. No net loss planning should be integrated within broader planning and policy frameworks. Where possible, guidelines to identify “no-go” zones and areas of high biodiversity value suitable for conservation efforts through offsets should be identified as a matter of policy and not relegated to case-by-case decisions.
- **Capacity building and training:** There is a shortage of people with the right expertise to understand and to undertake the assessments and planning needed for no net loss, and to interpret and use the results. This is an important limitation and needs to be corrected by training of staff from government agencies, companies, consultancies and civil society and research organisations. Certification of trained individuals would help build confidence that professionals are using high standards.

- **Examples:** More examples of best practice with successful approaches and outcomes are needed to build confidence in the concepts of no net loss, net gain and the quality of mitigation measures, including biodiversity offsets. Examples that are independently verified against agreed international standards would be the most convincing.
- **Monitoring, verification and enforcement:** These are vital for the quality and integrity of mitigation measures including offsets, and have often been neglected in the past.
- **More dialogue:** International, multi-stakeholder discussion involving people with very different opinions about the merits of mitigation measures and biodiversity offsets is needed in order to reach and promote wide societal agreement on the necessary standards for mitigation measures and associated land-use planning. Even those with apparently opposing positions were able to move a little closer through an exchange of ideas during the conference and such dialogue should be continued.