

Promising New Tools Reduce Infrastructure Impact on Habitat

Project developers more than double efforts to protect biodiversity

Washington, DC | 6 December 2017 | A new report by Forest Trends' Ecosystem Marketplace estimates that in 2016, as a result of a new class of policy tools, almost \$5 billion was spent on efforts to offset the impacts that new highways, dams, mines, and other infrastructure and development projects have on nearby species and their habitats and that cannot be avoided through other measures. According to the newly released [State of Biodiversity Mitigation 2017](#) report, this is more than twice the amount dedicated to such efforts in 2011.

Rapidly growing demand for new and upgraded infrastructure – which will drive an estimated \$90 trillion in investments between 2015 and 2030 – is decimating the habitats of multiple species, a major factor in the loss of biodiversity. Traditional conservation strategies, such as protected areas where development activities are not permitted, are struggling to keep pace with threats from this growth.

A new class of policy tools analyzed in [the new report](#) takes a different approach. If a development project is likely to have negative impacts on biodiversity, these policies require developers from the outset to avoid, minimize, and rehabilitate these effects, and then offset or compensate for any remaining negative impacts to ensure that there is no loss of biodiversity and ideally even an increase. Offsets and compensation involve the restoration, creation, or protection of similar or higher-value habitat that is located in close proximity to the original project. They are often provided by a third party, such as a private landowner, generating funding for ecological restoration and creating new incentives for stewardship.

While the amount invested in such efforts is dwarfed by the amount spent on infrastructure development, the potential of these tools lies in the fact that they demonstrate how biodiversity conservation can be integrated into the design of new projects from the beginning and how these projects can even make up for those losses of biodiversity that are unavoidable.

- For 2016, the report tracked 99 regulatory programs in 33 countries; these “compensatory mitigation projects” collectively restored, recreated, and protected important habitats on more than 8.3 million hectares—an area of land roughly the size of Austria.
- About \$3.6 billion of the nearly \$5 billion spent went to “mitigation banks” under which a habitat is protected or rehabilitated to compensate for expected adverse impacts to similar nearby ecosystems; a smaller amount, \$1.2 billion, went to compensation funds set aside for biodiversity management or for valuable biodiversity protections elsewhere.
- Nearly two-thirds of the costs of these conservation efforts has been paid by the private sector. The energy, transportation, and mining/minerals sectors were responsible for almost all (97%) the offsets and compensation measured by cumulative land area under management.

- Compensatory mitigation projects did not only benefit the fauna and flora where they were implemented, but also were profitable. The new report shows that most mitigation bank projects developed by the private sector met investors' expectations by delivering expected internal rates of return, and some even exceeded investors' expectations.

The success of all these offsetting efforts relies heavily on strong offset and compensation policies and effective enforcement, as can be seen from the fact that conservation efforts driven by such regulation protected 8.3 million hectares in 2016, while *voluntary* projects had conservation activities underway on only 273,000 of land.

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To learn more, download the [full report](#) and visit www.forest-trends.org.

Ecosystem Marketplace, an initiative of the non-profit organization Forest Trends, is a leading global source of information on environmental finance, markets and payments for ecosystem services. As a web-based service, Ecosystem Marketplace publishes newsletters, breaking news, original feature articles and annual reports about market-based approaches to valuing and financing ecosystem services. We believe that transparency is a hallmark of robust markets and that by providing accessible and trustworthy information on prices, regulation, science, and other market-relevant issues, we can contribute to market growth, catalyze new thinking, and spur the development of new markets and the policies and infrastructure needed to support them.

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