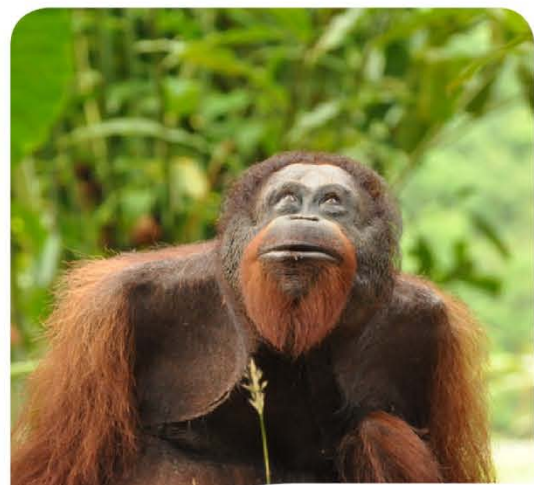


# Executive Summary of BBOP Standard, Technical Handbooks and Resource Papers





Forest Trends and the Wildlife Conservation Society provided the Secretariat for BBOP during the second phase of the programme's work (2009-2012).

### **Publication Data**

Business and Biodiversity Offsets Programme (BBOP). 2012. *Executive Summary of BBOP Standard, Technical Handbooks and Resource Papers*. BBOP, Washington, D.C.

Available from [http://bbop.forest-trends.org/guidelines/Handbook\\_Summary.pdf](http://bbop.forest-trends.org/guidelines/Handbook_Summary.pdf)

© Forest Trends 2012.

ISBN 978-1-932928-51-8 (PDF)

Reproduction of this publication for educational or other non-commercial purposes is authorised without prior written permission from the copyright holder provided the source is fully acknowledged.

Reproduction of this publication for resale or other commercial purposes is prohibited without prior written permission of the copyright holder.

Cover and graphic design by Rima Design and Forest Trends.

Published 3 July 2012

# About this document

---

The Standard on Biodiversity Offsets ('the Standard') and accompanying supporting materials<sup>1</sup> such as the Technical Handbooks and Resource Papers have been prepared by the Business and Biodiversity Offsets Programme (BBOP) to help developers, conservation groups, communities, governments and financial institutions that wish to consider and develop best practice related to biodiversity offsets. This Executive Summary was developed by members of the BBOP Secretariat in June 2012 in order to provide a brief summary of the core documents developed by BBOP and an overview of how they relate to each other.

All those involved in BBOP are grateful to the companies who volunteered pilot projects and for the support of the donors listed overleaf, who have enabled the Secretariat and Advisory Group to prepare these documents.

BBOP is a collaborative programme, and we welcome your involvement. To learn more about the programme and how to get involved please:

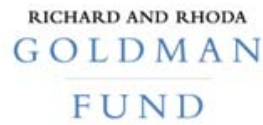
See: <http://bbop.forest-trends.org>

Contact: [bbop@forest-trends.org](mailto:bbop@forest-trends.org)

---

<sup>1</sup>The BBOP Biodiversity Offset Standard, the accompanying Guidance Notes, a set of resource papers, 'how-to' handbooks on biodiversity offset design and implementation can be found at: <http://bbop.forest-trends.org/guidelines>

In addition to BBOP's fee paying membership during our second phase of work, we thank the following organisations for financial support:

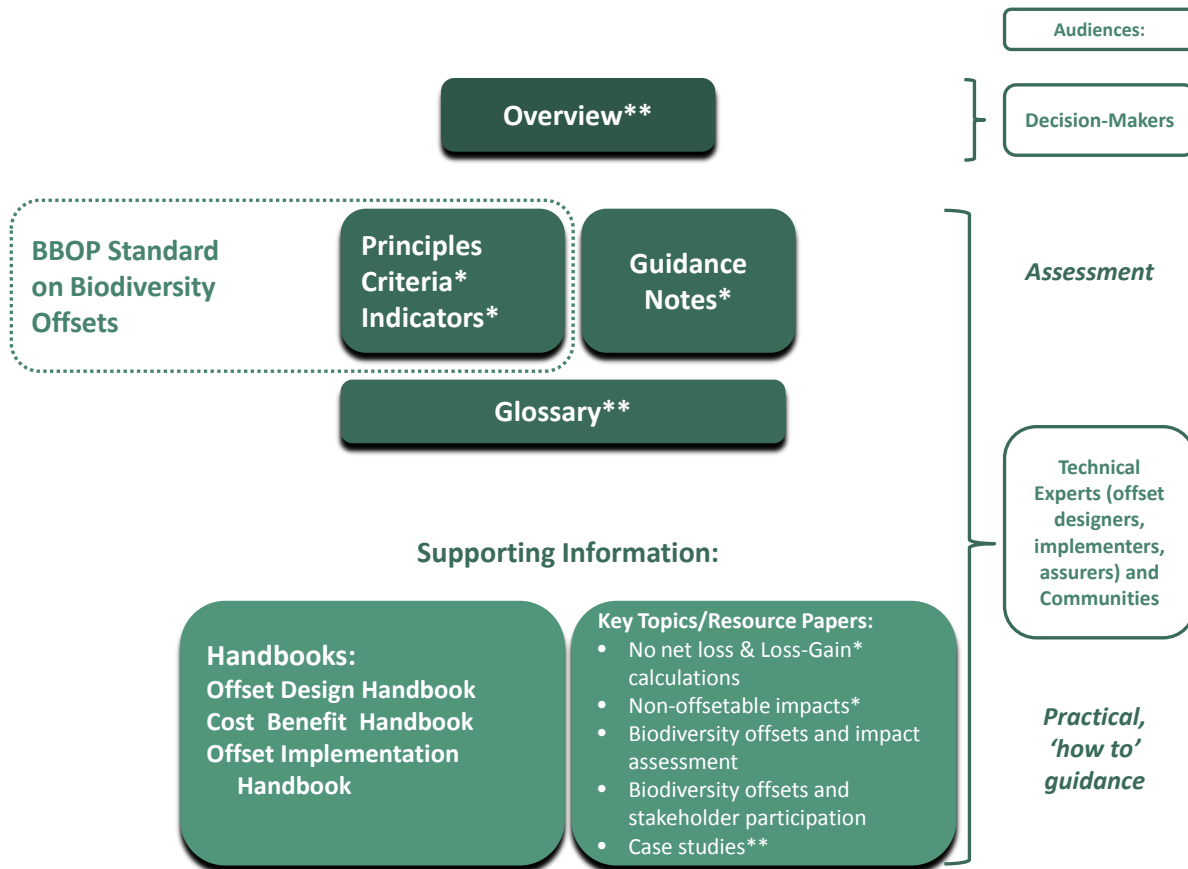


# Background

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. The goal of biodiversity offsets 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.

The Business and Biodiversity Offsets Programme (BBOP) is a collaboration between companies, governments, conservation experts and financial institutions that aim to explore whether, in the right circumstances, biodiversity offsets can help achieve better and more cost effective conservation outcomes than normally occur in infrastructure development, while at the same time helping companies manage their risks, liabilities and costs. BBOP has been researching and developing best practice on biodiversity offsets and beginning to test it through a portfolio of pilot projects in a range of contexts and industry sectors, aiming to demonstrate improved and additional conservation and business outcomes. BBOP's expectation is that biodiversity offsets will become a standard part of development processes when projects have a significant residual impact on biodiversity, resulting in long term and globally significant conservation outcomes.

The BBOP Biodiversity Offset Standard is structured according to the widely accepted Principles on Biodiversity Offsets agreed by the BBOP membership and published in 2009. Version 1 of the Standard was published in January 2012. The Principles, the Standard and its associated Guidance Notes, and a range of other supporting materials, including three Technical Handbooks and Resource Papers (summarised below), have been prepared by BBOP to help developers, conservation groups, communities, governments and financial institutions that wish to consider and develop best practice biodiversity offsets. All these materials, shown in Figure 1 below, are available at <http://bbop.forest-trends.org/pages/guidelines>.



**Figure 1: BBOP Standard on Biodiversity Offsets and Associated Material**

*Note: Documents published in 2009, unless marked as follows: \* First prepared in 2012; \*\* Updated 2012*

In the text that follows, we'll provide a summary of these documents and illustrate how they are related and can be used.

# The Standard and accompanying documents

## The Standard on Biodiversity Offsets

The broad application of biodiversity offsets outside regulatory regimes has been limited by the fact that there has been no accepted international standard on biodiversity offsets. Without a recognized standard, project developers, lenders and the conservation community have had no way of judging the quality of an offset project. In addition, developers were exposed to potential criticism that the offset efforts they made were inappropriate, wrong in kind, scale and location and did not accord with good practice. The risk of criticism and the lack of certainty that investment in offsets will be well regarded by stakeholders has been a significant disincentive to developers.

BBOP has addressed this problem by developing a Standard on Biodiversity Offsets ('the Standard'), agreed by an international, multi-stakeholder group that enables clear and transparent assessment and reporting of progress in the application of the mitigation hierarchy, including design and implementation of biodiversity offsets consistent with the BBOP Principles. The Standard was developed by members of the BBOP Secretariat and Advisory Group to help auditors, developers, conservation groups, communities, governments and financial institutions that wish to assess biodiversity offsets against the BBOP Principles, Criteria and Indicators. It is presented as a hierarchy of Principles, Criteria and Indicators (PCI). 'Principles' are interpreted as the fundamental statements about a desired outcome. 'Criteria' are the conditions that need to be met in order to comply with a Principle. 'Indicators' are the measurable states which allow the assessment of whether or not a particular Criterion has been met.

The Standard is intended for the use of auditors and assessors who wish to determine whether an offset has been designed and subsequently implemented in accordance with the BBOP Principles. It is also intended for individuals designing and implementing biodiversity offsets, so these can be planned to meet the Standard in conjunction with other tools for offset design and implementation such as BBOP's Handbooks on Offset Design, Cost Benefit and Offset Implementation. In addition, those involved in developing and administering policy on the mitigation hierarchy and biodiversity offsets (whether they work for governments, individual companies or industry associations), may find the Standard and Guidance Notes useful. Similarly, representatives from local communities, indigenous peoples and civil society organisations such as NGOs could refer to the Standard and Guidance Notes to inform their dialogue with developers if they are affected by or interested in a project or biodiversity offset.

The current Standard is a first version. Experience gained from applying the Standard will be used by BBOP members to develop a revised standard in the coming years.

## Guidance Notes

The Guidance Notes produced by BBOP assist with the assessment of whether an offset has been designed and subsequently implemented in conformance with the Standard on Biodiversity Offsets, which comprises the BBOP Principles, Criteria and Indicators. It offers an interpretation of each Indicator; key questions for assessment; factors to consider in assessing conformance (conformance requirements and situations that are likely to represent causes of non-conformance); as well as related activities from other Indicators.

# Glossary

The glossary explains terms found in the Standard, Guidance Notes, Handbooks and Resource Papers mentioned in this document.

## The Handbooks

### 1. The Biodiversity Offset Design Handbook (2009, updated 2012)

This presents information on a range of issues, methodologies and tools from which offset planners can select the approaches best suited to their individual circumstances. The Handbook is structured in three main parts: Part 1 introduces the scope and purpose of the Handbook and key concepts relating to biodiversity offsets. Part 2 describes a generic step-by-step process that can help offset planners in designing a biodiversity offset, from the initial conception of a development project to the selection of suitable offset sites and activities. Part 3 complements this with more detailed guidance and possible tools to use when undertaking the different offset design steps (see below). In addition, a separate document, the **Appendices to the Offset Design Handbook**, provides a summary of various approaches, methods and policies that are relevant to biodiversity offsets and being used or developed in different parts of the world (e.g. by governments, financial institutions, etc.).

The **Offset Design Handbook** describes the activities that typically form part of offset design under the following steps:

Step 1: Reviewing project scope and activities

Step 2: Reviewing the legal framework and / or policy context for a biodiversity offset

Step 3: Initiating a stakeholder participation process

Step 4: Determining the need for an offset based on residual adverse effects

Step 5: Choosing methods to calculate loss / gain and quantify residual losses

Step 6: Reviewing potential offset locations and activities and assess the biodiversity gains which could be achieved at each

Step 7: Calculating offset gains and select appropriate offset locations and activities

Step 8: Recording the offset design and enter the offset implementation process

Although these steps may be followed in a chronological order as some depend on the outcomes of earlier steps, there is often much flexibility in how the offset design is best approached. Many of the activities are interdependent and can be done in parallel rather than sequentially, as tailored to the specific local context. This also applies to the closely related (but not necessarily sequential) activities described in the **BBOP Cost-Benefit Handbook** and the **Biodiversity Offset Implementation Handbook**, which focus on ways of integrating people's use and cultural values into biodiversity offset design and implementation process, and on actions involved in the implementation of a successful biodiversity offset, respectively.

**Figure 2** below gives an overview of the different activities involved in designing and implementing a biodiversity offset. This highlights that the various steps are linked, and often interdependent, even though they are described in separate Handbooks.



## 2. The Biodiversity Cost-Benefit Handbook (2009)

The involvement of many different individuals and groups may be important in the design and implementation of a biodiversity offset to ensure its fairness and success. However, the **Cost-Benefit Handbook** focuses particularly on people living in and around the project and potential offset sites. To be successful, biodiversity offsets should compensate indigenous peoples, affected communities and other local and affected stakeholders for any residual impacts of the project on their biodiversity based livelihoods and amenity. They also need to deliver the offset's conservation gains without making local people worse off, for example from land and resource use restrictions created by the biodiversity offset, and to provide incentives and perceived benefits for local people to participate in delivery of the required conservation gains. This is essentially a cost-benefit comparison between the benefits to local people of the offset, and the costs to local people of the residual biodiversity related impacts of the project and offset. The Handbook explains how offset planners may use various economic tools of valuation and cost-benefit analysis to make this comparison and arrive at a package of benefits for local stakeholders that compensate them for residual impacts and secure their involvement and support for the offset.

The **Cost-Benefit Handbook** is best used in conjunction with the other Handbooks, throughout the design and implementation of a biodiversity offset. Following a general introduction, the Handbook is structured in three main parts: Part 1 outlines four key activities (and eight steps) that offset planners can usefully undertake as part of a biodiversity cost-benefit assessment, Part 2 covers possible tools to use in the process, and Part 3 offers more detailed guidance relating to each of the activities and steps outlined in Part 1 as well as additional references to consult. A set of appendices is also included, such as a sample Terms of Reference for Economic Consultants, and further information on the possible cost and length of time required to do the studies, and on research methods and valuation techniques.

Offset planners will find guidance on the following broadly defined activities and steps in Part 1 and 2:

Activity 1: Identifying the project's direct and indirect residual impacts on local use and enjoyment of biodiversity

Step 1: Determining the project's direct and indirect residual impacts on local use and enjoyment of biodiversity

Activity 2: Identifying the impacts of proposed offset activities on local stakeholders

Step 2: Identifying potential offset activities

Step 3: Identifying impacts of proposed activities on local stakeholders at project and offset sites

Activity 3: Estimating costs and benefits to local stakeholders of project residual impacts and offset options

Step 4: Scoping of cost-benefit comparisons for affected stakeholders

Step 5: Estimating costs and benefits

Activity 4: Specifying a fair and effective offset package

Step 6: Checking that preliminary offset recommendations meet cost-benefit requirements

Step 7: Revisiting, if necessary, the offset design to bring costs and benefits into balance and address distributional issues

Step 8: Making the final recommendations of socioeconomic offsetting activities and quantify the associated conservation gain

## 3. The Biodiversity Offset Implementation Handbook (2009)

The success of a biodiversity offset will depend on ensuring that an effective institutional and management structure is in place; that financial flows are sufficient; and that systems are in place to ensure that the offset objectives are achieved. The **Offset Implementation Handbook** assumes that the location of the offset area/s (in a single location, or

as a composite) and the nature of offset activities have been identified and that the planner is now seeking to put in place the mechanisms to ensure effective offset implementation, permanence and good governance. The Handbook discusses the potential roles and responsibilities of key stakeholders, legal and institutional aspects of establishing an offset, and how a biodiversity offset management plan can be developed. Then the Handbook suggests several ways in which a biodiversity offset can be financed over the long-term, discussing ways to calculate the short and long-term costs of implementing the biodiversity offset, and exploring long-term funding mechanisms, such as the establishment of conservation trust funds and non-fund options that explore a diverse array of revenue sources to achieve sustainability. It addresses how a biodiversity offset can be monitored and evaluated, and the final section helps the offset planner prepare to launch the implementation of the offset.

The Offset Implementation Handbook is structured in three parts: Part 1 outlines general issues to be considered in implementing a biodiversity offset, Part 2 provides information on possible tools to be used in the process and Part 3 offers additional and more detailed guidance to help with successful offset implementation. The guidance is usefully arranged according to the following broad activities, steps and questions that may need to be considered in relation to offset implementation:

Activity 1: What are the offsetting activities and where will they be carried out?

Activity 2: How will the offset operate and be managed?

- What are the roles and responsibilities and potential stakeholders in offset implementation?
- What are the legal aspects of establishing an offset?
- What are the institutional aspects of establishing an offset?
- How should an Offset Management Plan be developed?

Activity 3: How will the offset be financed over the long-term?

- How will short- and long-term costs of implementing the offset be calculated?
- What are the potential long-term funding options?
- What are the potential non-conservation trust fund options?
- How can sustainability be built or enhanced through alternative revenue options?

Activity 4: How will the offset be monitored and evaluated?

- How will the offset be monitored and evaluated?
- Implementation performance
- Impact performance
- Linking implementation and impact performance
- How will monitoring and evaluation data analysis results be used to assess and improve project performance?
- Certification and verification

Activity 5: Launching the offset

## The Resource Papers

### 4. Resource Paper on Limits to What Can Be Offset (2012)

This Resource Paper updates and complements information published in the **Offset Design Handbook** and supports the interpretation of the Biodiversity Offset Standard. The paper focuses specifically on Principle 2: ‘There are limits to what can be offset’. This emphasises an important premise, namely that biodiversity offsets are not

appropriate for all development impacts on biodiversity as some impacts cannot be offset. Thus, where the residual impacts of a proposed development project are so great as to cause irreplaceable biodiversity loss (such as the global extinction of a species), no biodiversity offset would be able to compensate for this loss, and a 'no net loss' or net gain outcome would be impossible to achieve. The paper outlines a set of ecological and other factors (e.g. social, technical, financial) that can help to determine the likely 'offsetability' of impacts, i.e. whether impacts are likely to be easy or difficult to offset. These factors are broadly arranged according to a green-amber-red system of categories corresponding to the level of risk that may be expected when proposing an offset in a particular situation. It then describes the kind of evidence ('verifiers') that should be produced to demonstrate the offsetability of impacts for each risk category. The paper also offers information on specific thresholds relating to limits to what can be offset that have been set or indicated in different contexts (bank or government policies).

## 5. Resource Paper on No Net Loss of Biodiversity and Loss-Gain Calculations (2012)

This Paper updates and complements information published in the **Offset Design Handbook** and supports the interpretation of the Biodiversity Offset Standard. It specifically addresses Principle 4 (No Net Loss, 'NNL') although an understanding of NNL is relevant to all of the ten BBOP Principles. The paper outlines the key issues that need to be considered in working towards the goal of biodiversity offsets – i.e. achieving a NNL or net gain outcome for biodiversity. First, the meaning of NNL and its relationship to the BBOP Principles is outlined, and the paper then sets out a broad conceptual framework for approaching quantifying biodiversity losses and gains as part of an offset. A typology of currencies that may be used in loss/gain calculations is included, important considerations when selecting reference (or benchmark) conditions are set out, and some of the key sources of risk and uncertainty in assessing biodiversity losses and gains are discussed, along with some responses that may be used to address these.

The intended audience for the two Resource Papers on No Net Loss of Biodiversity and Limits to What Can Be Offset is ecological specialists and technical consultants advising companies, governments and/or others wanting to undertake a biodiversity offset. The paper should be used in conjunction with the Offset Design Handbook, in particular, as well as the Cost-Benefit and Offset Implementation Handbooks.

## 6. Resource Paper on Biodiversity Offsets and Stakeholder Participation (2009)

Different stakeholders may place very different values on biodiversity. Thus, effective stakeholder participation is critical to both the success and fairness of biodiversity offsets. The aim of this paper is to explain the value and purpose of identifying stakeholders (e.g. communities living in the vicinity of a project, governmental officials, academic institutions, technical specialists and non-governmental organizations) and engaging them in the design and implementation of biodiversity offsets. The paper also provides guidance on relevant good practice tools and approaches. It is intended to support the Biodiversity Offset Design, Cost-Benefit and Implementation Handbooks and help offset planners implement the Principles on Biodiversity Offsets by offering suggestions and source material on best practice in the participation of stakeholders in the design and implementation of biodiversity offsets.

## 7. Resource Paper on Biodiversity Offsets and Impact Assessment (2009)

This Resource Paper considers whether and how the process of designing and delivering biodiversity offsets should be integrated with impact assessment. It explains why impact assessment might be considered a suitable 'vehicle' for biodiversity offsets and outlines its possible role. It introduces Environmental Impact Assessment (EIA) and Strategic Environmental Assessment (SEA) and describes how they inter-relate in planning systems. Many businesses integrate their environmental and social impact assessment processes in Environmental and Social Impact Assessment (ESIA) and embed these in overall Social and Environmental Management Systems, as the paper explains.

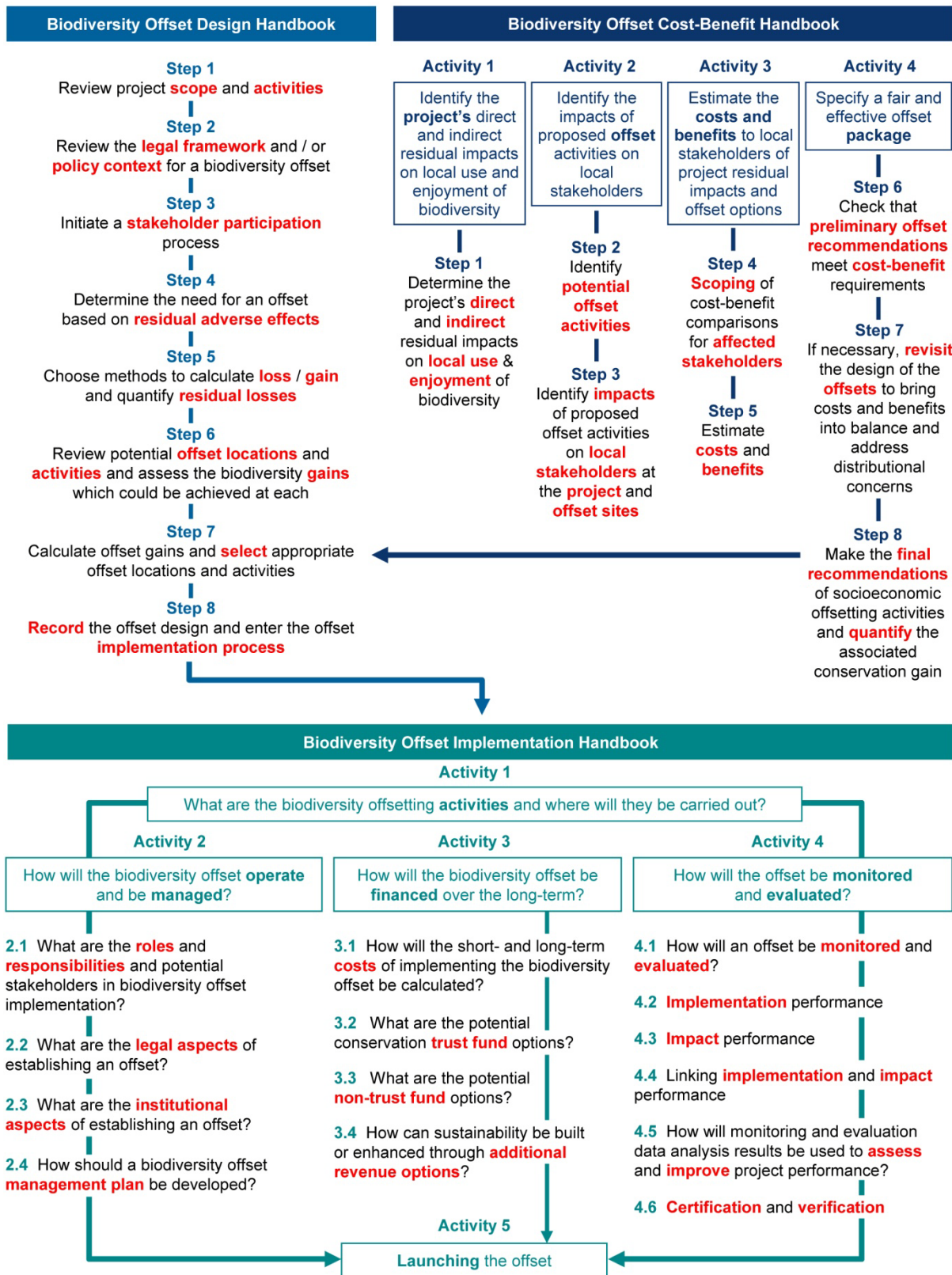


Figure 2: The scope of the Biodiversity Offset Design, Cost-Benefit and Implementation Handbooks



To learn more about BBOP, see:  
<http://bbop.forest-trends.org/index.php>