

WCC-2016-Res-059-EN
IUCN Policy on Biodiversity Offsets

RECALLING the adoption of Resolution 5.110 *Biodiversity offsets and related compensatory approaches* (Jeju, 2012);

NOTING WITH APPRECIATION the consultative process that has been conducted to implement that Resolution;

RECOGNISING the invaluable work undertaken by the IUCN Biodiversity Offsets Technical Working Group, which provides factual underpinning and an evidence base to support the development of the IUCN Policy on Biodiversity Offsets through the [Biodiversity Offsets Technical Study Paper](#), [Biodiversity Offsets: Policy Options for Governments](#), and [Technical Conditions for Positive Outcomes from Biodiversity Offsets](#), published by IUCN;

RECOGNISING also the role of the IUCN Biodiversity Offsets Policy Working Group in elaborating the draft IUCN Policy on Biodiversity Offsets, drawing on the outputs of the Technical Working Group and in considering inputs from Members (through on-line consultations and discussions at the Regional Conservation Fora) and Commissions;

REAFFIRMING the considerations stated in Resolution 5.110 regarding the critical importance of clear policies relating to biodiversity offsets for the achievement of conservation and sustainable development;

BUILDING on the work undertaken by IUCN and others, including the work and products developed by the Business and Biodiversity Offsets Programme (BBOP);

TAKING NOTE of IUCN Members' involvement in ongoing regional debates on this issue;

RECOGNISING the high risks involved and the need for further evidence that offsets can contribute to positive conservation outcomes;

ACKNOWLEDGING, however, that biodiversity offsets are widely and increasingly used and that the absence of an IUCN policy on this issue also represents a risk;

EMPHASISING the importance of rigorously applying all the steps of the mitigation hierarchy, starting with avoidance as priority and including consideration of a full set of alternatives to a project, before considering biodiversity offsets;

FURTHER EMPHASISING that uncertainty and risk can be reduced when the mitigation hierarchy is embedded in the framework of landscape- and seascape-level planning and legislation, and is part of existing and future strategic development plans; and

NOTING that policies on biodiversity offsets are not in place in many countries of the world and that IUCN may have an important role to assist and guide its Members and others with the development of such policies;

The World Conservation Congress, at its session in Hawai'i, United States of America, 1-10 September 2016:

1. ADOPTS the 'IUCN Policy on Biodiversity Offsets', attached herewith as Annex 1;
2. REQUESTS the Director General and Commissions to issue such guidance as might be necessary for the implementation of this policy, collaborating as needed with other organisations working in this field; and
3. REQUESTS the Director General to evaluate and review the implementation of the Policy in the next quadrennial period and to report to the Members on its effectiveness.



IUCN Policy on Biodiversity Offsets

1. Purpose Statement

The purpose of this policy is to provide a framework to guide the design, implementation and governance of biodiversity offset schemes and projects.

The policy provides guidance as to where offsets are, and are not, an appropriate conservation tool to ensure that, when offset schemes are used, they lead to positive conservation outcomes compared to business as usual and, thus, minimize the risk of negative conservation outcomes.

2. Audience for Policy

The audience for this policy is all constituent parts of IUCN, including Members, Commissions, Secretariat, and National and Regional Committees, particularly in their work with partners from the private sector, communities and other stakeholders involved in biodiversity offsets.

This policy is intended to guide the work of the IUCN Secretariat, Commissions and Member organisations.

3. Scope of Policy

This policy covers all aspects of the design, implementation and governance of biodiversity offsets within the context of the mitigation hierarchy, including those circumstances where biodiversity offsets are not appropriate. This policy applies to all sectors and types of development where biodiversity offsets are proposed.

4. Context of this policy

During the IUCN inter-sessional period 2008-2012, the Council conducted an analysis to identify gaps between IUCN Resolutions and Recommendations and emerging issues on which IUCN needed to have a clear position. One of the gaps identified was biodiversity offsets. As a result, IUCN Members at the 2012 World Conservation Congress adopted WCC-2012-Res-110-EN *Biodiversity offsets and related compensatory approaches*. It called on the Director General to establish a working group comprising experts from the Secretariat, Members and Commissions and others as required, to develop an IUCN policy on biodiversity offsets through a consultative process.

5. Policy Statement

Under the specific conditions outlined in this policy, it is IUCN's position that biodiversity offsets can contribute to positive conservation outcomes. However, biodiversity offsets are only appropriate for projects which have rigorously applied the mitigation hierarchy (avoid, minimise, restore/rehabilitate and offset; see section 6) and when a full set of alternatives to the project have been considered.

- **Offsets must only occur after all previous steps in the mitigation hierarchy have been considered and no alternatives are available. Avoidance is the first and most important step in the mitigation hierarchy. Biodiversity offsets must never be used to circumvent responsibilities to avoid and minimise damage to biodiversity, or to justify projects that would otherwise not happen.**
- **The mitigation hierarchy must be applied at the landscape or seascape level with mitigation actions designed and implemented at a site or project level. Governments should ensure the mitigation hierarchy is embedded in the framework of landscape and seascape level planning and legislation and is part of existing and future strategic development plans.**
- **Only after applying the earlier steps in the mitigation hierarchy should biodiversity offsets be employed to address the residual impact in order to achieve at least No Net Loss and preferably a Net Gain at the project level. The terms No Net Loss or Net Gain refer to the outcome achieved compared to a reference scenario. This reference**

scenario can be what is likely to have occurred in the absence of the project and the offset, or one that provides a better outcome for biodiversity conservation. Societal values should also be accounted for and used to inform the design and implementation of biodiversity offsets.

- In certain circumstances, residual impacts on biodiversity (after completing the avoidance, minimization and rehabilitation steps of the mitigation hierarchy) cannot be offset. Additionally, there are some components of biodiversity for which impacts could theoretically be offset, but with a high risk of failure. Under these circumstances, biodiversity offsets are not appropriate, and this means the project as designed should not proceed.

6. The Role of Biodiversity Offsets within the Mitigation Hierarchy

Offsets must only occur after all previous steps in the mitigation hierarchy have been considered and no alternatives are available. Avoidance is the first and most important step in the mitigation hierarchy. An early assessment of risks associated with impacts and their mitigation actions will allow the best application of the mitigation hierarchy.

No two areas of habitat or species populations are identical, and therefore some biodiversity (e.g., genetic combinations) and related values will always be lost in offset exchanges. Given this reality, and the inherent uncertainties and risks linked to offsets, using biodiversity offsets must be a measure of last resort.

An appropriate application of the mitigation hierarchy must follow at a minimum the following fundamental principles:

1. Be applied as early as possible in the project life cycle, to inform potential development decisions.
2. Explicitly consider the project within a broader landscape or seascape context.
3. Identify and respect nationally and internationally recognized 'no-go' areas.
4. Thoroughly examine lower impact alternatives in the project design, including not proceeding with the project at all, recognising that not all impacts can be offset to achieve No Net Loss.
5. Give priority to avoiding any damage to biodiversity.
6. Take full account of direct, indirect and cumulative impacts, geographically and over time.
7. Clearly distinguish impact avoidance, minimisation and on-site restoration measures from offsets.
8. Design offsets to achieve at least No Net Loss and preferably a Net Gain of biodiversity.
9. Ensure any biodiversity offsets used as part of the mitigation hierarchy secure additional conservation outcomes that would not have happened otherwise.
10. Use approaches that are science-based, transparent, participatory, and address the effects of the project and mitigation actions on livelihoods.
11. Follow a Rights-based Approach, as defined by [IUCN resolution WCC-2012-Res-099](#) .
12. Identify and put in place the legal, institutional and financial measures needed to ensure long-term governance of all mitigation actions (including any biodiversity offsets).
13. Apply a rigorous monitoring, evaluation and enforcement system that includes independent verification of all mitigation actions.
14. Apply the Precautionary principle throughout all stages of the mitigation hierarchy.
15. Apply the Ecosystem approach in all stages of the mitigation hierarchy.

7. Mitigation Hierarchy and Landscape and Seascape planning

The mitigation hierarchy must be applied at the landscape or seascape level with mitigation actions designed and implemented at a site or project level. Governments should ensure the mitigation hierarchy is embedded in the framework of landscape and seascape level planning and legislation and is linked to existing and future strategic development plans.

Governments and multilateral institutions should give priority to integrated spatial planning at the landscape and seascape level. This includes biodiversity conservation priorities, sound land use (and seascape) decision-making and sensitivity maps.

Landscape and seascape planning should consider the important places and values for meeting conservation goals; including areas where impacts should be avoided altogether, as well as areas

where aggregations of offsets could best meet conservation goals. Landscape and seascape planning should include the mitigation hierarchy informed by an understanding of conservation priorities and potential direct and indirect cumulative impacts. Early risk assessments should also be conducted and reviewed before development and investment decisions are made.

The mitigation hierarchy should first be applied at the landscape or seascape level, and then at the site or project level. This is essential for moving beyond a reactive project-by-project approach to an approach that is pro-active in applying the mitigation hierarchy, supports mitigation actions at the right ecological scale, recognises cumulative effects and delivers better outcomes for conservation and sustainable development. Site-level application is then needed to ensure that biodiversity losses and gains are assessed in detail, so mitigation actions, including offsets, can be designed and implemented according to the specific context.

8. Goal for Biodiversity Offsets

Only after applying the earlier steps in the mitigation hierarchy should biodiversity offsets be employed to address the residual impact in order to achieve at least No Net Loss and preferably a Net Gain at the project level. The terms No Net Loss or Net Gain refer to the outcome achieved compared to a reference scenario. This reference scenario can be what is likely to have occurred in the absence of the project and the offset, or one that provides a better outcome for biodiversity conservation. Societal values should also be accounted for and used to inform the design and implementation of biodiversity offsets.

The aim of biodiversity offsets is to achieve No Net Loss and preferably a Net Gain of biodiversity. Conservation actions intended to achieve offset outcomes must result in a direct measurable biodiversity gain equivalent to the residual loss arising from the impacts on biodiversity associated with a project in order to be considered a biodiversity offset. Conservation actions that are not designed to result in No Net Loss and preferably Net Gain are not biodiversity offsets.

No Net Loss and or Net Gain at the project level should contribute to the achievement of existing national and international biodiversity conservation objectives and priorities, including international obligations, subject to the conditions outlined below and in particular under section 10.2.

9. Limits to Biodiversity Offsets

In certain circumstances residual impacts on biodiversity (after completing the avoidance, minimization and rehabilitation steps of the mitigation hierarchy) cannot be offset. Additionally, there are some components of biodiversity for which impacts could theoretically be offset, but with a high risk of failure. Under these circumstances, biodiversity offsets are not appropriate, and this means that the project as designed should not proceed.

At a minimum, offsets must not be used:

- Where impacts are likely to lead to a high risk of driving one or more previously non-threatened species and/or ecosystems into the IUCN Red List Categories of Vulnerable, Endangered, Critically Endangered, Extinct in the Wild or Extinct, or driving one or more previously threatened species and/or ecosystems into IUCN Red List Categories of higher threat
- Where the success of the offset action is highly uncertain due to a lack of knowledge;
- Where there is a substantial risk that investment generated by offsets might substitute for, rather than add to, other investment for conservation (e.g. 'cost shifting');
- Where the exchanges involved in the project's residual losses and the predicted offset gains are considered socially or culturally unacceptable to relevant stakeholders;
- Where the values that will be lost are specific to a particular place, and therefore cannot be found elsewhere and adequately protected or re-created;
- Where the time lag between the residual loss of biodiversity caused by the project and the gains from the offset causes damage that cannot be remediated and/or puts biodiversity components at unacceptable risk;
- When impacts will occur in internationally and nationally recognized 'no-go' areas¹;

¹ For the purposes of this policy 'no go areas' have been defined as in [MOTION 026] of The World Conservation Congress, at its session in Hawai'i, United States of America, 1-10 September 2016, including: "RECOGNISING

- When such action is considered incompatible with IUCN policy and Resolutions.

The above parameters align with the following IUCN Resolutions, among others:

- [Recommendation 2.82 Protection and conservation of biological diversity of protected areas from the negative impacts of mining and exploration, adopted at the 2nd IUCN World Conservation Congress \(Amman, 2000\);](#)
- [Recommendation 3.082 The Extractive Industries Review, adopted at the 3rd session of the World Conservation Congress \(Bangkok, 2004\);](#)
- [Resolution 4.087 Impacts of infrastructure and extractive industries on protected areas, and Recommendation 4.136 Biodiversity, protected areas, indigenous peoples and mining activities, adopted at the 4th World Conservation Congress \(Barcelona, 2008\).](#)

10. Key Elements of Biodiversity Offsets

The following key elements and issues mentioned within this policy may be subject to further guidelines.

10.1 Measuring and Exchanging Biodiversity

Most mitigation actions need to address more than one species and habitat affected by a project and be designed to support landscape- or seascape-scale goals. As a result, it is not always possible or practical to establish reliable quantities and qualities of every biodiversity component affected. Defensible and replicable measures and units of exchange are often needed as the basis for assessing affected biodiversity and quantifying losses and gains. These should include a range of surrogates or proxies that represent biodiversity overall, plus measures that separately account for rare, threatened, idiosyncratic or particularly important components of biodiversity. Depending on the biodiversity affected, different surrogates may require different metrics that allow for transparent accounting of the related biodiversity losses and gains.

Biodiversity affected by the project should normally be conserved through an ecologically equivalent offset. In some circumstances, where there is good scientific justification, it could be appropriate for the offset to conserve a different kind of biodiversity which is of higher conservation priority than the type affected ('like-for-like or better').

In addition to conservation measures that improve the condition or state of the target biodiversity, such as through restoration, activities to avert biodiversity loss may also be utilised as a way to offset biodiversity losses. The choice of whether or not to use averted loss offsets will be context specific.²

Offsets should avoid simply displacing impacts that are harmful to biodiversity to other locations. Such 'leakage' is an issue that should be addressed through offset policies, guidelines and above all through landscape-level, integrated land-use planning.

10.2 Additionality

A biodiversity offset must provide a new contribution to conservation that is additional to that which would have occurred without the offset taking place.

The expansion of existing protected areas and creation of new protected areas can be valid biodiversity offsets, so long as they do not displace or reduce other existing or future public sector funding. The use of offsets to fund existing biodiversity conservation commitments, such as the administration of protected areas, could lead to 'cost shifting' and to an erosion of conservation funding, including a reduction in public budgets for the conservation and management of protected areas. Therefore, offset schemes must be designed in such a way as to minimize this risk. In countries where it is reasonable to expect commitments for new protected area designations and improved management of existing protected areas to be met and adequately funded without a contribution from biodiversity offsets, there should be a commitment that no 'cost shifting' or budget

that the concept of areas being "no-go", or off-limits, to environmentally damaging industrial-scale activities, including such as industrial-scale mining, oil and gas, and agriculture, and environmentally damaging infrastructure, such as dams, roads and pipelines, is integral to conservation policy for protected areas and other sites of known importance for biodiversity and ecosystem services."

² Such choices may depend, for the biodiversity in question, on *inter alia* its remaining extent, rates of loss/degradation, restoration potential. Choices may also depend on the regulatory context of the jurisdiction in question.

displacement will take place. This applies to all countries with the capacity to designate, manage and fund protected areas. While offsets are sometimes used to make progress towards meeting existing or proposed biodiversity conservation commitments, national policies should be designed to move away from such use of offsets. Funding for conservation should not be dependent on the destruction of biodiversity elsewhere.

10.3 Timeframe

The offset gain should last at least as long as the impact being addressed. In most cases, this means in perpetuity.

Time delays between an impact occurring and an offset gain being realised must be minimised, and any delays accounted for in the metrics and design of the offset. Moreover, offsets should be avoided if the time lag itself could cause damage that cannot be remediated or if such a lag puts biodiversity components at an unacceptable risk. Where possible, the offset should be in place before the impact occurs.

10.4 Uncertainty

Biodiversity offsets must account for uncertainty by clearly documenting data sources, assumptions, and knowledge gaps (and how they might be overcome through additional monitoring). There is always some uncertainty about the size and nature of the loss at the impact site, and the size and nature of the gain at the offset site. Where possible, uncertainty should be minimised by requiring the demonstration of offset gains before the impact occurs.

Another major source of uncertainty concerns the likelihood of successful long term implementation, monitoring and enforcement of biodiversity offsets. Impacts (and offset gains) must be monitored and addressed over time to ensure offset goals are being met.

10.5 Monitoring and Evaluation

To evaluate No Net Loss and Net Gain properly, there must be sufficient baseline surveys undertaken prior to any project-specific impacts and any offset; continued surveys are also needed after the impacts and offset activities to measure the losses and gains that have actually transpired.

The nature of the legal tools used in the offset system will in part define the organisations and relevant stakeholders with responsibilities for enforcement and ensuring compliance.

On-going monitoring and evaluation systems should be independently and publicly reviewed and verified, and result in adaptive management of mitigation actions.

10.6 Governance

Varying entities, including governments, civil society organisations, companies and financial institutions, are establishing or governing offset policies.

The legal, institutional and financial measures needed to ensure that the biodiversity offset activities are successfully implemented for at least as long as the project's impacts last should be identified and put in place. Among the tools that can be used to secure the long-term success of offsets are biodiversity offset management plans, performance-based management agreements, covenants/easements, conservation trust funds, and performance bonds.

There is a range of regulatory options for No Net Loss and Net Gain from comprehensive legal frameworks to simple requirements supplemented by voluntary guidelines. Regulatory offsetting schemes have been demonstrated to be more effective than voluntary schemes. Any offset policies that are established should, at least, set out minimum requirements for No Net Loss and preferably Net Gain.

Conflicts of interest may arise when the same institution is setting policy frameworks and/or operating offsets, while seeking offsets for public sector projects and possibly benefitting from offsetting schemes. Such conflicts of interest must be openly identified and addressed.

Governments must ensure that sufficient funds and expertise are available to administer No Net Loss / Net Gain schemes effectively, including monitoring and enforcement. As such, project developers must be required to demonstrate they have committed and set aside adequate funds to cover the effective long-term implementation and monitoring of No Net Loss/Net Gain projects.

This policy may be adapted in the future, and will be supplemented by the development of detailed

guidance.

11. Glossary

Additional definitions may be added; further detail and full citations can be found in the following documents:

- [*Biodiversity Offsets Technical Study Paper*](#)
- [*Biodiversity Offsets: Policy options for governments*](#)
- [*Technical conditions for positive outcomes from biodiversity offsets - an input paper*](#)

Additionality

The need for a compensation measure to provide a new contribution to conservation, additional to any existing values, i.e. the conservation outcomes it delivers would not have occurred without it. Source: McKenney & Kiesecker (2010).

Averted loss

An averted loss offset generates biodiversity gains (relative to a credible reference scenario) by conserving or maintaining biodiversity that already exists at a site, but which is likely to be lost or degraded without the offset's protection or maintenance activities.

Baseline

A description of existing conditions to provide a starting point (e.g. pre-project condition of biodiversity) against which comparisons can be made (e.g. post-impact condition of biodiversity), allowing the change to be quantified. Source: BBOP (2012c).

Biodiversity

"Biological diversity" means the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. Source: CBD.

Biodiversity offsets

Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation actions 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. Source: BBOP (2012a).

Compensation

Measures to recompense make good or pay damages for loss of biodiversity caused by a project. In some languages 'compensation' is synonymous with 'offset', but in this paper 'compensation' is a more general term of which biodiversity offsets are just one subset. Compensation may achieve No Net Loss/Net Gain (in which case it is an offset), but in other cases, compensation can involve reparation that falls short of achieving no net loss (and is therefore not an offset). This can be for a variety of reasons, including that the conservation actions were not planned to achieve no net loss; that the residual losses of biodiversity caused by the project and gains achievable by compensation are not quantified; that no mechanism for long term implementation has been established; that it is impossible to offset the impacts (for instance, because they are too severe or pre-impact data are lacking, so it is impossible to know what was lost as a result of the project); or that the compensation is through payment for training, capacity building, research or other outcomes that will not result in measurable conservation outcomes on the ground. Source: BBOP (2012a).

Currency

Definitions of currency, offset ratios and multipliers vary and are often conflated in the literature. In this paper, we consider currencies (or metrics) to be the unitary measures of biodiversity lost, gained or exchanged. These vary from very basic measures such as area, to sophisticated

quantitative indices of multiple biodiversity components which may be variously weighted. Source: Adapted from BBOP (2012c).

Ecological equivalence

In the context of biodiversity offsets, this term is synonymous with the concept of 'like for like' and refers to areas with highly comparable biodiversity components. This similarity can be observed in terms of species diversity, functional diversity and composition, ecological integrity or condition, landscape context (e.g., connectivity, landscape position, adjacent land uses or condition, patch size, etc.), and ecosystem services (including people's use and cultural values). Source: BBOP (2012c).

Exchange rules

A set of rules established by policy makers or offset planners to define which components of biodiversity can and cannot be substituted for others in a biodiversity offset, and how such substitutions can occur. These rules may be explicit, or they may be implicit within the definitions adopted of biodiversity offsets and associated requirements, such as 'like for like' and 'trading up'. Source: BBOP (2012c).

Like-for-like or better (See 'Ecological equivalence' and 'Trading up')

Metrics

A set of measurements that quantifies results. See also 'Currency'.

Mitigation hierarchy

The mitigation hierarchy comprises:

- a. **Avoidance:** measures taken to avoid creating impacts from the outset, such as careful spatial or temporal placement of elements of infrastructure, in order to completely avoid impacts on certain components of biodiversity. This results in a change to a 'business as usual' approach.
- b. **Minimisation:** measures taken to reduce the duration, intensity and / or extent of impacts that cannot be completely avoided, as far as is practically feasible.
- c. **Rehabilitation / restoration:** measures taken to rehabilitate degraded ecosystems or restore cleared ecosystems following exposure to impacts that cannot be completely avoided and / or minimised.
- d. Compensation or **Offset:** measures taken to compensate for any residual significant, adverse impacts that cannot be avoided, minimised and / or rehabilitated or restored. Measures to achieve No Net Loss or a Net Gain of biodiversity for at least as long as the project's impacts are biodiversity offsets. Offsets can take the form of positive management interventions such as restoration of degraded habitat, arrested degradation or averted risk, where there is imminent or projected loss of biodiversity. Measures that address residual impacts but are not quantified to achieve No Net Loss or not secured for the long term are compensation, otherwise known as compensatory mitigation. Source: BBOP (2012a).

Mitigation actions

The full set of activities covering the entire mitigation hierarchy.

No Net Loss and a Net Gain

A target for a development project in which the impacts on biodiversity caused by the project are balanced or outweighed by measures taken to avoid and minimize the project's impacts, to undertake on-site restoration and finally to offset the residual impacts, so that no loss remains. Where the gain exceeds the loss, the term 'Net Gain' (NG) may be used instead of No Net Loss. Source: BBOP (2012c).

Non-offsetable threshold / Non-offsetable impacts

This is a level of severity beyond which impacts on biodiversity by a development project may no longer be capable of being offset. For example, it is not possible to offset the global extinction of a

species. Levels of irreplaceability and vulnerability of the biodiversity components to be affected by the project, and the degree of uncertainty with respect to severity of impacts and the probability of success of a biodiversity offset, are all likely to be material factors in determining whether impacts on biodiversity can be offset. Source: BBOP (2012c). See also BBOP (2012d) and Pilgrim *et al.* (2013a).

Offset (See Biodiversity offset)

Trading up (or 'like-for-like or better')

Conserving through an offset components of biodiversity that are a higher conservation priority (for example because they are more irreplaceable and vulnerable) than those affected by the development project for which the offset is envisaged. Source: BBOP (2012c).

Appendix 1 to Biodiversity Offsets Policy

WCC-2012-Res-110-EN

Biodiversity offsets and related compensatory approaches

NOTING that mining and logging practices, infrastructure development and the expansion of primary production for food, fibre and fuel through land conversion are often a major cause of the loss of biodiversity through habitat loss and degradation;

ACKNOWLEDGING that such practices remain central to many countries' economic development and poverty reduction strategies and that governments are facing the challenge of how to align economic development with the conservation and sustainable use of biodiversity and ecosystem services;

RECOGNIZING the growing use of biodiversity offsets, by governments, by companies undertaking biodiversity offsets voluntarily for business reasons, by banks and investors requiring biodiversity offsets as a condition to access credit, and by civil society encouraging developers to undertake biodiversity offsets;

UNDERSTANDING that the best practice of biodiversity offsets is to address the residual impacts only after the full mitigation hierarchy is applied;

RECOGNIZING that, although biodiversity offsets are already a part of the legal framework of several countries, including wetland and conservation banking in the USA and habitat compensation requirements in Australia, Canada and the European Union, global and regional guidelines for application by the private sector are still in development;

RECOGNIZING that although these schemes differ in their features and implementation around the world, they share an aim to mitigate biodiversity loss by allowing activities that destroy or degrade biodiversity in one place to be compensated by conservation in another location;

NOTING the work and products, developed by the Business and Biodiversity Offset Programme, including its proposed 'Standard on Biodiversity Offsets';

NOTING the contribution of the private sector in development and implementation of biodiversity offsets approaches;

NOTING that the Convention on Biological Diversity's (CBD) Decision X/21 *Business engagement* requests the Executive Secretary "to encourage the development and application of tools and mechanisms that can further facilitate the engagement of businesses in integrating biodiversity concerns into their work...", including offsets;

NOTING also that biodiversity offset mechanisms are one of the six areas designated for further development as an innovative means of mobilizing resources for the implementation of the CBD, identified in CBD Decision IX/11;

ALSO NOTING that Ramsar Resolution X.12 “encourages decision makers, especially business leaders, to develop and adopt policies, strategies and operational approaches...which avoid, remedy or as a last option ‘offset’ adverse impacts on wetland ecosystems, including considering the potential benefits that could be derived from the Business and Biodiversity Offsets Programme...”;

NOTING that there are increasing scientific and policy questions being asked about the ecological validity and practical effectiveness of biodiversity offset schemes and related mechanisms, in particular in critical habitat, and that there is increasing work in this area involving the IUCN Secretariat and Members, plus increasing demand from all sectors for IUCN’s advice on biodiversity offsets and related mechanisms; and

ACKNOWLEDGING that the effectiveness of biodiversity offsets in practice is dependent on the existence of an enabling policy environment including, *inter alia*, good governance, the rule of law, and accountable government and corporate institutions;

The World Conservation Congress, at its session in Jeju, Republic of Korea, 6–15 September 2012:

CALLS ON the Director General to:

a. establish a working group to develop an IUCN general policy on biodiversity offsets. The working group will also consider the desirability of IUCN developing global biodiversity offset guidelines. The working group’s membership and mode of operating will be based on the One Programme approach involving relevant experts, including from the Secretariat, Members and Commissions. It should arrive at its recommendations following consideration of:

i. an evidence-based analysis of existing offset schemes and standards to identify the conceptual weaknesses and strengths and the opportunities and risks associated with the practical implementation of biodiversity offsets;

ii. scientific literature and expertise to ensure that policy is solidly grounded in robust ecological principles;

iii. modes of implementation given different national and regional contexts cognizant that biodiversity offset schemes need to specify, among other things, (i) an appropriate conceptual framework(s), (ii) metrics and other methodologies, and (iii) governance and financing mechanisms including means of verification with respect to delivering no net loss, or preferably net positive, outcomes for biodiversity;

iv. the theoretical and practical meaning and utility of the terms ‘no net loss’ and ‘net positive impacts’ in the context of biodiversity conservation; and

v. the particular scientific and practical challenges of applying the full mitigation hierarchy to address the impact of activities in critical habitat;

b. the working group should expedite the preparation of recommendations for consideration by the IUCN Council by no later than end of 2014; and

c. as a parallel activity, continue to contribute to the current state of knowledge about the practical implementation of biodiversity offsets by (a) undertaking project work with partners, IUCN Members and Commissions and (b) the sharing of experiences.