



## Social considerations when designing and implementing biodiversity offsets: opportunities and risks for business

### *Business implications and relevance*

- *Getting the social considerations right can mean the difference between the success and failure of a biodiversity offset.*
- *Business can adopt tools and good practice from the conservation and development sectors to develop partnerships with local communities.*
- *Well-designed offsets can present opportunities to provide sustainable positive outcomes to both people and biodiversity.*

Biodiversity offsets are positive conservation initiatives designed to compensate for residual impacts on biodiversity after all feasible avoidance, minimisation and restoration measures have been undertaken. Biodiversity offsets are often planned in landscapes that are used, valued and owned by people: this means that working with people is essential.

Where offsets are aligned with people's use of biodiversity, they can have positive social impacts, e.g., in cases where an offset protects locally-valued cultural sites, wildlife or a locally important fishery. Involving local people in offset design can identify potential positive impacts, build positive relationships and help identify opportunities for more effective interventions.

However, offsets can also have potential costs for local people, e.g., where an offset seeks to reduce deforestation by preventing land clearance in forest areas. If these costs are not understood and addressed, the offset may have direct negative social impacts. Similarly, an offset may change local decision-making or power structures which may adversely affect vulnerable social groups if specific measures are not taken to ensure their inclusion.

Delivering positive social outcomes from offsets is increasingly seen as an important objective in itself and not just a means to an end. This is aligned with good practice for offsets including the BBOP standards<sup>1</sup>, the International Finance Corporation (IFC) Performance Standards and emerging guidance for social outcomes from biodiversity mitigation<sup>2</sup>. Working with communities and local stakeholders is also an opportunity to form robust partnerships for achieving lasting biodiversity gains (Table 1).

### At a glance

- Biodiversity offsets often involve working with people who live within and/or around the offset area, and who depend on or value ecosystem services from the landscape.
- Developing offsets with people is an **opportunity** to develop **partnerships**, and deliver **positive social outcomes** as well as **lasting biodiversity gains**.
- Developing offsets without proper consideration of social issues and engagement with communities poses significant risks. **Offsets that prevent access to resources can exacerbate poverty, affect vulnerable people, and generate conflict**. This is ethically inappropriate, jeopardises the offset's sustainability, and may compromise alignment with national and international standards.
- The conservation and development sectors have a wealth of experience of successful conservation in partnership with local communities; companies can build on this to manage risks and deliver good outcomes for biodiversity and people.

<sup>1</sup> Business and Biodiversity Offset Programme - <http://bbop.forest-trends.org>.

<sup>2</sup> Bull, J.W., Baker, J., Griffiths, V.F., Jones, J.P.G., and Milner-Gulland, E.J., (2018). Ensuring Net Gain for people and biodiversity: good practice principles. Oxford, UK.

## Developing socially sustainable offsets

There is a wealth of experience in the conservation and development sectors in establishing long-term conservation programmes involving people. Projects seeking to develop effective and lasting offsets can draw on this experience to build on opportunities and address risks by:

### Avoiding high risk situations through:

- Consideration of social context early in offset development. The potential social costs of an offset vary depending on the extent to which people depend on ecosystem services and the extent to which offset actions alter peoples' access to these services (**Figure 1**). These criteria can be used to screen offset options and identify appropriate approaches and information needs.
- Identifying suitable projects and initiatives that have already met, or can work to meet, recognised standards that are broadly aligned with the requirements of offsets, for example projects that apply IUCN's Environmental and Social Management System during design and implementation, or community voluntary carbon projects certified by standards such as the Climate, Community and Biodiversity Standards or Plan Vivo.
- If the proposed offset area is within or adjacent to a Protected Area, conducting due diligence to identify any legacy and current land and livelihood issues.

### Minimising risks through:

- Ensuring that the proposed offset is based on clear and realistic project logic (a Theory of Change) at feasibility and design stage. This is underpinned by meaningful local input, which explicitly considers cost and benefits to affected people, and which accounts for all of the users of the proposed offset landscape (including those with customary use rights and other user-groups). It is essential to understand and be transparent about what the costs may be and to whom they may accrue.
- Favouring implementation mechanisms that explicitly involve and empower local people, for example through co-management of a protected area or community forestry.
- Continuing a participatory approach and process through offset design and into implementation, actively seeking to include vulnerable groups.
- Understanding existing decision-making structures relevant to biodiversity and where appropriate embedding offset design into them rather than creating new structures.
- Selecting the right mix of implementing partners with sufficient capacity and experience to manage and monitor both social and biodiversity issues. Choosing implementation partners who have local support and legitimacy – or who have a track record of obtaining such support – is essential.

### Continuing to learn and adjust through:

- Actively monitoring outcomes for people as well as for biodiversity, using locally relevant measures of wellbeing, acting on monitoring results in a timely manner, for example through an appropriate Environmental and Social Management System.
- Establishing appropriate oversight and governance structures, prioritising reinforcing existing institutions and incorporating national and local expertise.
- Seeking independent external review, either through an advisory panel or potentially through formal audits against internationally recognised standards.
- Maintaining appropriate whistle-blower and/or grievance procedures.



Participatory land use mapping with communities to understand social, economic and cultural values and assess options for conservation actions and livelihood enhancement.

Table 1: Opportunities and risks concerning the inclusion of local people in offset development

Opportunities of working with local people	Risks of developing offsets without involving local people
<ul style="list-style-type: none"> <li>Delivering positive social outcomes over longer time scales than traditional donor-funded projects.</li> </ul>	<ul style="list-style-type: none"> <li>Potential negative impacts on people, inequity of costs and benefits across gender, age, and other social groups, elite capture<sup>3</sup>, impacts particularly affecting vulnerable groups</li> </ul>
<ul style="list-style-type: none"> <li>Identify socially acceptable interventions - offsets are more likely to be effective if local people are involved in programme design and implementation</li> </ul>	<ul style="list-style-type: none"> <li>Implementation delays, increased costs and/or poor or unsustainable conservation outcomes due to resistance to conservation initiatives or hidden issues (e.g., conflicts over access to land or resources)</li> </ul>
<ul style="list-style-type: none"> <li>Building the capacity of local communities and organisations can be an effective and sustainable mechanism for offset programme implementation</li> </ul>	<ul style="list-style-type: none"> <li>Reputational risks arising from complaints from affected communities / supporting NGOs</li> </ul>
<ul style="list-style-type: none"> <li>Contributing to the sustainable use of natural resources in the long term, including building resilience to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Risk of stereotyping communities as threats to biodiversity and ignoring more significant actual causes of biodiversity loss, potentially leading to offset failure</li> </ul>

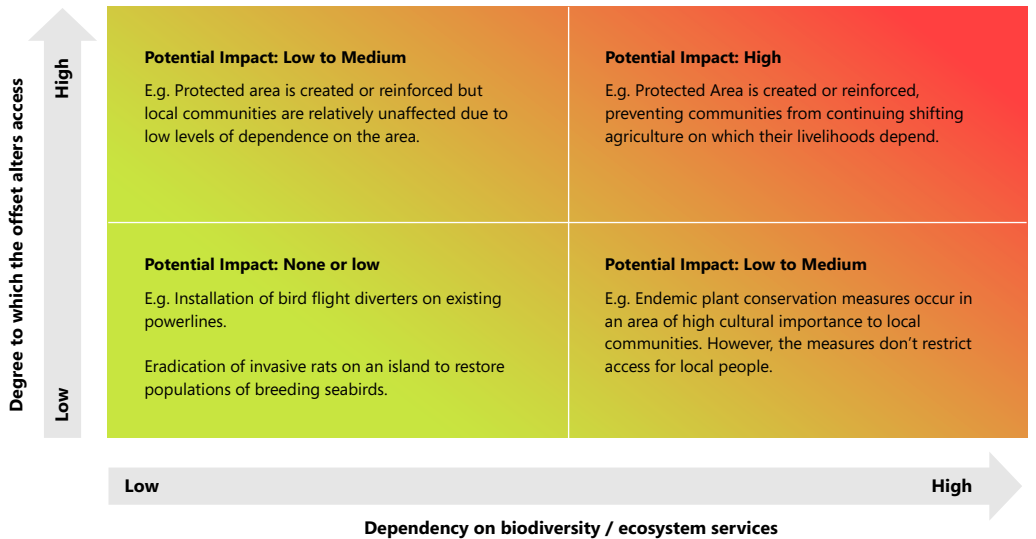


Figure. 1: The potential social impacts of offsets depends on the interaction between peoples' dependency on ecosystem services and the offset actions. These criteria can be used in early screening to assess the level of risk of different offset options and inform the feasibility and design stage.

<sup>3</sup>The World Bank group explains that elite capture "refers to a situation in which a local elite diverts resources from international donors".

## Social information needs for offset design

The types of social information and the level of detail useful for offset design varies through the screening, feasibility and implementation stages (Table 2). Companies can maximise opportunities for positive outcomes from offsets by using well-tested tools from the conservation and development sectors to screen, design and implement an offset.

An important part of offset design is to consider the approach for consulting stakeholders, including local communities, and to identify appropriate mechanisms that will be required to meet good practice, regulatory and lender requirements for seeking and documenting consent.

Effective offset design requires both social and biodiversity expertise, but offsets for private sector projects are frequently the responsibility of the project's environment team. Ensuring close working between the environmental team and the social team from the early stages of offset selection can help ensure that social aspects are considered from an early stage. As far as appropriate, offset feasibility and design should be done together with not only local communities and government, but also with the development and conservation partners likely to be responsible for implementation.

### Case study: Participatory approach to designing biodiversity offsets

The Mako Gold Mining Project in south-east Senegal (operated by the Petowal Mining Company, PMC) has developed an offset programme aiming to achieve **net gain for impacted biodiversity**. Residual impacts will be offset within a landscape encompassing part of an existing protected area, and community lands administered by the Municipal Council of Tomborokoto.

In the design of the community-based component of the programme, PMC in partnership with the Municipal Council, has taken an **integrated approach to conservation and socio-economic development**. Design and development of the offset programme is underpinned by participatory land and resource use planning with affected communities and stakeholders to generate locally-appropriate concepts and ideas to inform conservation actions and strategies. The consent of affected communities to the offset interventions is fundamental.

A detailed feasibility assessment helped highlight the potential socio-economic costs of changes in land use practices, and also opportunities (from communities' perspective) on how to improve land management and livelihoods. While the offset is designed for no negative social impacts, this participatory approach will continue through the trialling and implementation phase to ensure a rigorous assessment of costs and benefits, and appropriate changes to conservation activities.



Petowal Mining Company and the independent biodiversity offset advisory panel meeting with local people to discuss land and natural resource use.

Table 2 : Objectives and social information needs for the three main stages of offset development

	Screening	Feasibility + design	Set-up, implementation and monitoring
			
<b>Objectives</b>	<p>Identify sites and broad feasibility of conservation actions including consideration of stakeholder support</p> <p>Broad design of project logic (Theory of Change)</p>	<p>Develop detailed project logic (Theory of Change), conservation actions and implementation approach</p> <p>Identify requirements and mechanism for seeking and documenting consent</p>	<p>Achieve positive or at least neutral social impact while delivering expected conservation outcomes</p> <p>Process for seeking consent implemented (during set-up phase), consent obtained and documented</p>
<b>Main social information needs</b>	<p>Basic population / demographic information (size, location, origin and composition of communities)</p> <p>Nature and broad intensity of local peoples' use, value or dependence on natural resources and environments</p> <p>Broad current and historical land use designations (concessions, protected areas, community forests, etc)</p> <p>Existence of other economic actors (e.g., industrial and semi-industrial enterprises, external traders, diaspora) and their degree of interaction with local use and value of natural resources</p> <p>Broad understanding of institutional arrangements and governance of natural resource, including understanding of typical land tenure arrangements and issues</p>	<p>Spatially explicit information on use, value or dependence on natural resources or natural environments, disaggregated by key social groups and actors</p> <p>Mechanisms of management and access to natural resources, including land or marine tenure, formal and customary rights and de facto access rights</p> <p>Existence, functioning and representation of decision-making structures</p>	<p>Quantitative and qualitative context-specific socio-economic monitoring that informs implementation and tests and verifies the project logic (Theory of Change)</p> <p>Will include indicators of both participation (e.g., degree of involvement in conservation actions), attitudes (both positive and negative grievances) and outcomes (e.g., using standardised measures of wellbeing to assess negative impacts and positive outcomes)</p>
<b>Approach</b>	<p>Principally desk-based, may involve rapid field assessment</p> <p>Potentially multiple sites</p>	<p>Field-based, participatory</p> <p>One, or a small number of sites</p>	<p>Field-based, participatory</p> <p>Selected and agreed site</p>
<b>Example sources and tools for data collection</b>	<p>Existing literature, data and maps (e.g., census reports, local and regional strategy documents)</p> <p>Protected area maps (e.g., via IBAT)</p> <p>Stakeholder mapping and analysis</p> <p>Key informant interviews</p>	<p>Conceptual modelling and application of theory of change toolkits such as Miradi (<a href="http://www.miradi.org">www.miradi.org</a>)</p> <p>Field-based participatory socio-economic assessment tools such as problem tree analysis, participatory land use mapping and focus group discussions</p> <p>Multi-stakeholder workshops and key informant interviews</p> <p>Toolkits, e.g. IUCN's Forest Poverty Toolkit and the Institutional Analysis and Development Framework (Ostrom, E., 2011, 'Background on the Institutional Analysis and Development Framework', Policy Studies Journal. Vol. 39. Issue 1. pp. 7-27)</p>	<p>Monitoring social outcomes based on well-being: e.g., IIED's toolkit. "Evaluating the impacts of conservation interventions on human wellbeing: Guidance for practitioners"</p> <p>Qualitative and quantitative monitoring of Theory of Change assumptions</p> <p>Environmental and Social Management Systems adapted for conservation projects (e.g., IUCN's ESMS)</p>
<b>Feeds into these outputs</b>	<p>A <b>screening report</b> and <b>maps</b>, identifying most feasible sites and main information needs for feasibility assessment</p>	<p><b>Offset feasibility assessment</b></p> <p><b>Costed offset implementation plan</b></p>	<p><b>Offset management plan</b>, including implementation agreements</p> <p><b>Offset monitoring reports</b></p>

## Case study provided by Bangor University: Using research to improve outcomes for people and biodiversity

Ambatovy is a nickel mine located in the eastern rainforests of Madagascar, in an area of **high biodiversity value** where **local livelihoods depend fully on natural resources**. Ambatovy aims to achieve no net loss (and ideally net gain) for biodiversity. After mitigation, residual losses were offset through a pioneering scheme following best practice principles (BBOP). Offset activities aimed to strengthen protected areas, which faced continued degradation from hunting and encroachment, through **alternative livelihoods, education** and increased enforcement of **conservation** rules. **Research<sup>4</sup>** conducted by **Bangor University** and the **University of Antananarivo** revealed that although the livelihood activities were well designed and well received, they tended to benefit the marginally better-off, while the most vulnerable people were negatively impacted by the offset. Ambatovy has used these results and other research to improve the way the livelihoods programme is targeted. Specifically:

- Identifying and assessing **ecosystem services** (ES) important for local communities
- Seeking to understand community perceptions of changes in availability of ES (due to the mine operation or the offset) and how that affects the wellbeing of different beneficiaries
- **Improving the livelihood programme** to respond to concerns of beneficiaries at the household level
- Offering **capacity building** to all community members (community leaders monitor progress within each beneficiaries' group).



In Ambatovy, community agriculture activities abut (and sometimes encroach on) natural forest habitat.

Ambatovy reports that these steps have enhanced the communities' motivation to participate in livelihood activities, which in turn led to a significant reduction in deforestation in core conservation zones in the offset. Challenges remain to ensure the programme continues to engage with the most vulnerable groups, who often live in the least accessible areas of the forest.

<sup>4</sup> Bidaud C., Schreckenber K., Rabeharison M., Ranjatson P., Gibbons J. and Jones J.P.G. 2017. The Sweet and the Bitter: Intertwined Positive and Negative Social Impacts of a Biodiversity Offset. *Conservation & Society*. Vol. 15. Issue 1. pp 1-13.

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