



Position paper of the Birds and Habitats Directives Task Force on Biodiversity Offsets in the European Union

Adopted by the BHDTF on 17 June 2010

Executive Summary

- For damage to Natura 2000 sites the current stringent offset system prescribed in Articles 6(3)(4) Habitats Directive **must** be maintained and its implementation strengthened.
- For habitats and species of European Importance outside Natura 2000 a policy of **no net loss of favourable conservation status (FCS) should be adopted, supported by a requirement to offset damage on a like-for like basis.**
- The key principles which we believe should be incorporated in such an offset system include: additionality, strong adherence to the mitigation hierarchy, a presumption that offsets will be located as close as possible to the damage, the need for offsets to be in place before damage, the need for clear and transparent assessment and quality assurance methods to ensure that all residual impacts are identified and appropriate compensation designed, the need for effective management, monitoring and quality control, and the need to learn from experience. It must be recognised that some habitats/species of Community interest will not be amenable to offsetting as they are either irreplaceable eg limestone pavements or cannot be restored or created within an acceptable timeframe e.g. climax ancient forests or peat bogs and hence that there will continue to be projects which are not acceptable on biodiversity grounds. In addition, recognition that the fact that offsets are possible should not give rise to a presumption that damaging activities will go ahead.
- At the Member State level individual countries may also want biodiversity offset systems to contribute to other biodiversity policy targets eg national, regional or local biodiversity objectives.

Introduction

This paper sets out the position of the BirdLife International Birds and Habitats Directive Task Force on biodiversity offsets within the European Union. It draws on a combination of views and experience of various BirdLife International partners. The BirdLife partnership is currently working towards a global level position on biodiversity offsets and this BHDTF position will be kept under review in light of the global level work; and in light of developments in the currently rapidly evolving area of biodiversity offsets.

It is clear that biodiversity loss will not be halted in the EU by 2010 and that one of the key drivers of biodiversity loss is land use change from development and conversion to agriculture. Against this context there is an urgent need to review and strengthen biodiversity policy and look at new approaches. Biodiversity offsets are one of the new approaches being considered in a number of current initiatives (eg the global Business and Biodiversity Offsets Programme (BBOP), the EC Habitat Banking study and the ongoing work to develop guidance for mitigation and compensation for wetland loss under the Ramsar Convention).

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The BHDTF has recently adopted a post 2010 biodiversity vision and key target¹, and believes that biodiversity offsets can potentially play a role in helping to meet this target as part of a suite of policy measures.

What are biodiversity offsets

Biodiversity offsets are conservation actions designed to compensate for the significant residual impact on biodiversity caused by development and other land use change activities, to ensure no net loss and, preferably, a net gain of biodiversity after appropriate steps have been taken to avoid and minimise impacts².

There are various mechanisms for securing biodiversity offsets: some of the main types are set out in Table 1 below.

Table 1: Examples of biodiversity offset types

Type	Example	Policy objective
Like for like project level compensation (Bespoke project level offset)		
Like-for-like habitat compensation targeted at the addressing the damage caused by an individual project. Aims to replace the species, habitats and ecological functions damaged: most likely to be provided after damage caused.	Intertidal habitat compensation for damage to an estuarine Natura 2000 site by port development e.g. ABP's Welwick managed realignment, Humber estuary, UK ³ .	No net loss
Compensation banking (Bespoke aggregated offsets)		
Large-scale creation of like-for-like habitat compensation provided in advance of damage predicted to be caused by several schemes. Damage is predicted in advance of projects and the required compensation identified and attributed to specific projects. Credits are sold to developers for the appropriate amount of habitat needed to compensate for damage predicted to be caused by their scheme.	Large-scale intertidal habitat compensation at several locations adjacent to an estuarine Natura 2000 site to compensate on a like-for-like basis for the predicted losses of mudflats to sea level rise over the next 50 years from future flood risk management works e.g. Alkborough managed realignment, Humber estuary, UK ⁴ .	No net loss
Habitat banking (generic aggregated offsets)		
Large-scale provision of habitat from which credits are sold to developers for damage to biodiversity in general. The habitat created does not have to be like-for-like in terms of matching the damage caused by a developer's scheme.	No specific example at present. Unlike compensation banking, there does not have to be a strong relationship between the habitats and species damaged by development and those that benefit from the habitat created.	No net loss/net gain (depending on how it is implemented)

¹ See http://www.birdlife.org/eu/EU_policy/eu_biodiversity.html and http://www.birdlife.org/eu/pdfs/2010_biodiversity_package.pdf

² Adapted from the BBOP definition (<http://bbop.forest-trends.org/>).

³ See http://econat-network.org/docs/documents/Session4_Estuaries_PAPER_Immingham.pdf

⁴ See <http://www.banc.org.uk/Events/AGM/Alkborough.pdf>

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Type	Example	Policy objective
Habitat creation levy (sometimes called an “in-lieu fee”)		
Developers pay in to a biodiversity fund administered by a local authority or independent trust. The fund is used to pay for habitat creation or, indeed, more general biodiversity projects.	No specific example at present.	Probable net gain

A recent research report found 39 existing offset programmes around the world, with another 25 programmes at various stages of development. As many of the active offset programmes include numerous individual sites there are over 600 offset banks worldwide and a conservative estimate of the global annual market size is \$1.8-\$2.9 billion⁵. The overwhelming majority of this takes place within the United States (\$1.5-\$2.4 billion)⁶.

Within the EU, Article 6(2) Habitats Directive sets out on-going obligations to protect Natura 2000 sites from deterioration and/or significant disturbance and Articles 6(3)-6(4) of the Habitats Directive establish a strict offset system for potential damage to Natura 2000 sites. Where a plan or project is likely to have significant effects on a Natura 2000 site an appropriate assessment must be carried out and the general position is that plans or projects cannot proceed where damage to the integrity of a Natura 2000 site cannot be ruled out (Article 6(3)). Article 6(4) sets out a limited derogation to this general rule. In summary damaging developments may proceed provided it is demonstrated that there are no less damaging alternative solutions and that the development is required for Imperative Reasons of Overriding Public Interest (IROPI) and if compensatory measures are put in place. The result is effectively a requirement for bespoke like-for-like offsets for individual plans and projects.

Beyond the requirements of Article 6 Habitats Directive, there are few current offset initiatives in Europe. Only Germany has a well-developed formal system for compensating for biodiversity damage (the Impact Mitigation Regulations). In the UK and Sweden there are some case-by-case offsets and in France a pilot habitat bank. Detailed policy research has been undertaken for the UK Government and a study for the EC undertaken on the application of habitat banking across the EU⁷.

BirdLife’s position on biodiversity offsets in the EU

Within the EU, it is BirdLife’s position that:

- **For damage to Natura 2000 sites the current stringent offset system prescribed in Articles 6(3)(4) Habitats Directive must be maintained and its implementation strengthened.** BirdLife has already adopted position papers on 1) mitigation and compensation under Article 6(4) Habitats Directive and 2) the approach to alternative solutions and imperative reasons of

⁵ Madsen, B et al (2010) State of Biodiversity Markets Report: Offset and Compensation Programs Worldwide. Available at <http://www.ecosystemmarketplace.com/documents/acrobat/sbdmr.pdf>

⁶ See Madsen, B et al (2010)

⁷ See the Europe chapter in Madsen, B et al (2010) above, the Final Report of the scoping study for the design and use of biodiversity offsets in an English context to Defra (UK) available from <https://statistics.defra.gov.uk/esg/reports/Biodiversity%20Offsets%20FINAL%20REPORT%20Defra%2012%20May%202009.pdf> and the final report of the EC study etec, IEEP et al (2010) The use of market-based instruments for biodiversity protection – The case of habitat banking, available from <http://ec.europa.eu/environment/enveco/studies.htm#2> for more information.

overriding public interest under Article 6(4) and these set out our detailed stance on these provisions⁸.

- For habitats and species of European Importance outside Natura 2000 a policy of **no net loss of favourable conservation status (FCS) should be adopted supported by a requirement to offset damage on a like-for like basis**. The key principles, which we believe should be incorporated in such an offset system, are set out in more detail below. It must be recognised that some habitats/species of Community interest will not be amenable to offsetting as they are either irreplaceable eg limestone pavements or cannot be restored or created within an acceptable timeframe e.g. climax ancient forests or peat bogs.
- At the Member State level individual countries may also want biodiversity offset systems to contribute to other biodiversity policy targets eg national, regional or local biodiversity objectives.

Although BirdLife believes that the approach of biodiversity offsets shows potential, the implementation of offset schemes is largely a recent phenomena and the emerging experience of their success appears to be mixed, or at least unproven – see Table 2 below. Therefore, while supporting the concept we believe that a relatively cautious approach should be adopted within the EU. Biodiversity offsets could have a role in a post 2010 biodiversity policy framework, but must complement and not weaken or undermine existing nature conservation approaches, such as site and species protection under the Nature Directives⁹. In particular we feel it is wider biodiversity policy that should now more strongly embed the concepts of no net loss and net gain of biodiversity so that these can then be delivered by a range of mechanisms. As further experience of offset systems emerges, this approach can be reviewed and if merited biodiversity offsets given an expanded role, eg a potential role in helping deliver net gain of biodiversity of European importance.

Table 2: Examples of biodiversity offset systems

Type	Description	Issues
Wetland Mitigation Banking (USA)	Compensation Under Clean Water Act 1972, it is US Government policy to achieve no net loss of wetlands. Aim is to ensure every hectare of wetland damaged or destroyed is compensated. Developers must show they have avoided or minimised as many impacts as possible. As of 2008, a clear preference for buying credits from a habitat bank, rather than project level compensation schemes (see Table 1).	A thriving market exists in many US states. Mixture of public, voluntary and entrepreneur mitigation bank providers. Emphasis on in perpetuity provision of habitat compensation. Problems encountered include: - the majority of schemes use a simplistic habitat area as the basis for trading, losing the connection between species, habitat type and ecological functions; - poor regulation and oversight can result in poor standards on the ground e.g. some areas have experienced up to 80% loss of wetlands.

⁸ Contact Rastislav Rybanic, EU Nature Policy Officer, BirdLife International, Brussels, email Rastislav.Rybanic@birdlife.org

⁹ Council Directive of 30 November 2009 on the conservation of wild birds (2009/147/EC (codified version)) and Council Directive of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (92/43/EEC).

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Conservation Banking (USA)

Compensation

Under Endangered Species Act 1973, aim is to avoid increasing extinction risk. Based on wetland mitigation banking system to avoid small-scale, piecemeal compensation. Developers buy credits from conservation banks for the endangered species affected.

Similar approach to wetland mitigation banking system. Conservation banking is targeted, as it must address the endangered species affected.

Due to narrow objective of legislation to avoid extinction, most banks simply protect in perpetuity existing habitat supporting the affected species. There is no requirement to provide a net gain in the species population or range.

BioBanking, New South Wales (Australia)

Compensation

Very new, detailed and large-scale credit trading scheme where developers buy credits to offset ecological impacts. Developers choose whether to participate or use traditional planning process. Red flag areas indicate where trading not allowed.

Based on formal biodiversity assessment methodology: uses Government trained assessors and standard methodology. Requires habitat and species credits c.f. USA systems. Credits are attached to the land title and are in perpetuity. Habitat offsets only apply within same habitat communities: so cannot trade between different communities.

Register used to measure what credits being generated and which ones have been sold to developers. Money put into trust fund for future owners to manage site.

Poorly designed and/or implemented offset systems can run the risk of causing a net loss in biodiversity. Some commonly identified weaknesses resulting in net biodiversity loss include:

- All biodiversity can be seen as tradable with no or little disincentive to avoid loss or damage in the first place;
- Offset systems can provide incentive to grant consent for projects that would not ordinarily be consented i.e. licence to trash;
- Companies may see the offset option as a simple shortcut to deal with biodiversity concerns;
- Poor/weak objectives can lead to weak outcomes for biodiversity;
- Lack of clear criteria about what can be offset and what cannot;
- Simplistic/poor standards can lead to net biodiversity loss;
- Poor regulation/oversight can lead to net biodiversity loss through insufficient checks and weak enforcement to ensure standards are met;
- Trading may not occur if the market is not well designed or if there is insufficient demand or supply.

Key principles for biodiversity offsets¹⁰

- **Natura 2000 sites should be outside the scope of any wider biodiversity offset systems** – in Article 6(4) the Habitats Directive already provides a specific ‘offset’ mechanism for Natura 2000 sites. We strongly believe that this existing system should be retained and its implementation strengthened. For example, by the EC undertaking an audit of implementation of its current guidance to identify areas for improvement and the provision of further guidance on key concepts such as alternative solutions, imperative reasons of overriding public interest (IROPI), compensatory measures and strategic Appropriate Assessment as required and stronger reporting on use of this provision in individual Member States. Any new and wider biodiversity offset systems should instead focus on addressing impacts on non-Natura 2000 site biodiversity¹¹ i.e. we see the role for biodiversity offsets to help strengthen biodiversity protection and achievement of biodiversity objectives in the wider countryside outside of Natura 2000 sites.
- **Focus on maintaining/achieving favourable conservation status of habitats and species of European importance outside Natura 2000** – at the EU level we believe that the focus of any biodiversity offset systems should be ensuring no net loss of the current favourable conservation status (FCS) of species and habitats for which the EU has special responsibility, i.e. migratory birds and birds listed in Annex 1 of Birds Directive and habitats and species listed in the Habitats Directives outside Natura 2000 sites. Like-for like offsets should be implemented for potential impacts. Hence, in order for biodiversity offsets to help deliver FCS it is vital that Member States set Favourable Reference Values for all relevant habitats/species at national level which distinguish between the contribution to FCS to be delivered by Natura 2000 sites and the contribution to be delivered through other conservation measures in the wider countryside.

Where a habitat or species of European importance is not currently in FCS, then there is a clear risk that allowing additional damage could move it further away from FCS: this would be unacceptable under the Birds and Habitats Directives. Decisions on whether or not to consent damage in these circumstances should take full account of such risks. Any mechanism put in place to require offsets in such situations should reflect that increased risk through the scale of offset required. This would help ensure the no net loss objective is achieved and help move the habitat or species concerned towards FCS.

Some habitats/species of Community interest will not be amenable to offsetting as they are either irreplaceable eg limestone pavements or cannot be restored or created within an acceptable timeframe e.g. climax ancient forests or peat bogs. Hence, there will continue to be projects which are not acceptable on biodiversity grounds. So far there is no comprehensive assessment of the restoration potential and timeline of recovery of different habitats, which is urgently needed for any meaningful discussion on biodiversity offsets. It must also be recognised that the fact that offsets are possible should not give rise to a presumption that damaging activities will go ahead; even where offsets are possible there may be circumstances where it is not appropriate for damaging activities to proceed.

¹⁰ Developed from the BBOP principles (<http://bbop.forest-trends.org/guidelines/principles.pdf>), which the BHDTF supports, and the principles set out in the adopted BHDTF position paper on compensatory measures under Article 6(4) Habitats Directive, in light of the EU context and BirdLife experience. These two sets of principles are included in the Annex to this paper.

¹¹ By ‘non-Natura 2000 site biodiversity’ we mean all biodiversity outside Natura 2000 sites.

- **Offsets should be required for all activities requiring consents or licences which negatively affect the FCS of habitats and species of European importance** – the potential impacts of all activities which may affect biodiversity and which require consents or licences eg developments and forestry and agricultural activities, should be assessed and where there will be unavoidable residual impacts on FCS outside Natura 2000 sites, and where it is considered that the activities should proceed in spite of these impacts, this should trigger an obligation for biodiversity offsets. For activities requiring EIA/SEA under the EC Impact Assessment Directives these assessments could be carried out as part of these wider impact assessments. For activities outside the remit of the EIA/SEA Directives a simpler assessment system could be established.
- **Additionality** – biodiversity offsets should achieve conservation outcomes above and beyond the results that would have occurred without the offset. Biodiversity offsets should not replace Member States existing obligations to maintain or restore the conservation status of habitats and species inside Natura 2000. Outside Natura 2000 existing/planned activities intended to maintain or achieve FCS of habitats and species of European importance must not be re-branded as ‘offsets’ as these outcomes would not be additional to what is currently envisaged. However, it may prove possible to design offset systems that are genuinely additional to existing/planned activities and which can contribute to improvement of the conservation status of natural habitats and species towards FCS. Care will be needed to demonstrate genuine additionality.
- **Strong adherence to the mitigation hierarchy** – biodiversity offsets should compensate for the residual adverse impacts on biodiversity which remain after appropriate avoidance, minimisation and on-site rehabilitation measures have been taken in accordance to the mitigation hierarchy, and only in those instances where the benefits of a proposal merit its consent in spite of these effects i.e. offsets should be seen as the measure of last resort. For activities requiring EIA/SEA the stringent adherence to the mitigation hierarchy and identification of residual impacts should be ensured through the EIA/SEA procedures.
- **Like-for-like offsets** – for activities which will have residual impacts on biodiversity of Community interest outside Natura 2000 sites, there should be a strong presumption that the offsets will be like-for-like i.e. should be targeted towards the species/habitats damaged wherever possible. Robust systems should be established to set out the criteria for what constitutes an appropriate offset, including appropriate ratios to address the level of risk associated with compensating for a particular habitat or species.
- **Location of offsets** – there should be a presumption that the offsets will be located as close as possible to the damage. However, it is vital that the creation of offsets does not itself lead to biodiversity damage. Wherever possible, areas suitable for biodiversity offsets identified based on conservation priority setting should be mapped and included in relevant conservation and wider spatial plans, as part of the Strategic Environmental assessment (SEA) and strategic appropriate assessment procedures for these plans. This will enable identification of areas suitable for large scale conservation actions and should aid ecologically effective and cost effective delivery of offsets. More broadly, BirdLife believes that there is a need to consider a stronger EU remit for spatial/land use planning, at least to ensure that different EU objectives (such as biodiversity, transport, energy, agriculture, etc) are not in conflict.

- **Timing** – offsets should be in place and fully functioning before the activities causing the damage go ahead. Implementation of offsets must be long-term ie last at least as long as the project impacts and ideally in perpetuity.
- **Risks of failure** – offsets should be designed to minimise, and to account for as far as possible uncertainty and the risks of failure. Uncertainty should be addressed through the use of appropriate ratios of compensation to loss.
- **Assessment and quality assurance methods** – clear and transparent approaches and methods for the assessment of impacts and ecological valuation of biodiversity should be published to ensure consistency and to ensure that all residual impacts are identified and appropriate compensation designed. Issues covered should include how to assess the ecological value of biodiversity lost and design suitable offsets taking into account agreed ratios for calculating both like-for like and non-like for like offsets (equivalence methods) and adjusting for the potential risks of failure. Impact assessment could be carried out by the proponent of the damaging activity, or an independent assessor, or a combination of both. To ensure rigour, our preference would be for offsets systems to involve some form of independent impact assessment/impact verification, and quality assurance auditing of the offsets provided.
- **What activities can count as offsets** – in general all activities that restore or re-create biodiversity (species, habitats or ecosystems) can constitute offsets. Although averted risk initiatives (ie protection of existing biodiversity from damage) are seen by some as a potential form of offset we strongly believe that these areas should already be protected under existing biodiversity policy/legislation and the focus should instead be on restoration/habitat creation. Averted risk essentially accepts a net loss of the affected biodiversity, undermining its conservation status, and therefore is a true last resort.
- **Possible offset mechanisms** – there are a variety of potential offset mechanisms. For example, 'bespoke' project level offsets designated and delivered specifically to offset damage from a specific project/activity (like the current Article 6(4) system for Natura 2000 sites). Alternatively, offsets delivered through a bespoke aggregated system, where a typical approach is that a compensation bank generates credits for a particular habitat/species that are traded against defined impacts e.g. as identified in a spatial plan SEA. The compensation bank approach should facilitate economies of scale – both in money terms (creation and long-term maintenance costs) and in delivering large areas of high quality biodiversity more likely to support ecological functions. However, such an approach will need strong coordination, solid institutional and accounting frameworks, transparency and monitoring. Until there is more experience of effective biodiversity offset systems delivering in practice we do not think that the pooled credit system approach (in lieu fees) where those damaging biodiversity pay fees into a central pool which is then spent on unspecified, future habitat creation/restoration activities should be used to offset impacts to **habitats and species of European importance outside Natura 2000 sites**.
- **Offset delivery, monitoring and compliance** – effective management, monitoring and quality control will be absolutely essential to deliver successful offsets. Lack of such systems for ensuring compliance has been identified as key reasons behind some of the failures in the US wetland mitigation banking system. A benefit of offset systems is that they can take the responsibility of habitat creation/restoration and management away from developers, who are unlikely to possess the relevant skills, or want the long-term responsibility for managing the offset. A wide range of organisations could potentially provide new or restored habitat eg wildlife NGOs, land management trusts, offset

entrepreneurs and private land owners. The essential point is that they must possess the relevant skills and resources to create and maintain habitat of the necessary quality, and have adequate measures in place to ensure that that can be maintained in perpetuity. National and European offset registers should be implemented to create databases with information including details of the plan/project, the residual impacts, details of the offsets (e.g. location, method, cost, and stakeholders). This is key to ensure transparency, effectiveness and to avoid having more than one offset in the same location (ie prevent double-counting).

- **Learning from experience** - there is a clear need to look critically at the existing offset systems and avoid potential pitfalls (such as those we identify on page 5 above). Also a need for more pilot projects and case studies.

BirdLife recommendations to the European Commission and Member States in relation to offsets

BirdLife calls upon the European Commission to embed any European level offset framework into the post 2010 biodiversity framework. Although biodiversity offsets have the potential to tackle biodiversity loss outside of Natura 2000 sites, in our view they are only one element of a strengthened biodiversity system and there are significant challenges in designing and implementing a system that enhances rather than undermines biodiversity conservation in the EU.

The Commission and Member States should:

1. Be alert to, and design out, the potential risks of offset systems, such as:
 - All biodiversity being seen as tradable with no or little disincentive to avoid loss or damage in the first place;
 - Offset systems providing incentive to grant consent for projects that would not ordinarily be consented i.e. licence to trash;
 - Companies seeing the offset option as a simple shortcut to deal with biodiversity concerns;
 - Poor/weak objectives leading to weak outcomes for biodiversity;
 - Lack of clear criteria about what can be offset and what cannot;
 - Simplistic/poor standards leading to net biodiversity loss;
 - Poor regulation/oversight leading to net biodiversity loss as insufficient checks and weak enforcement fail to ensure standards are met;
 - Trading will be limited if the market is constrained through insufficient demand or supply of offsets. This in turn will limit the potential benefits from an offsets system.
2. Design any system in line with our goals and principles.
3. In particular to ensure that:
 - A strong policy and regulatory framework is put in place. We see this as essential to create demand in biodiversity offsets. A purely voluntary approach will not work, moreover this would not be in line with the EU 2020 target of moving beyond stopping the loss of biodiversity;
 - Clear baselines and conservation targets (Favourable Reference Values) are established against which all “no net loss” should be calculated;
 - A proper institutional and accounting framework is set up and rigorous standards developed, similar to those currently being developed for carbon offsets;

Biodiversity Offsets: BHDTF position paper

- More scientific evidence is collected on the success or failure of habitat restoration and species conservation measures to evaluate the likelihood and timeframe of restoration and habitat creation actions.
 - Proper enforcement, monitoring, transparency, and mechanisms to share experiences and adjust the offset framework accordingly based on experience are put in place. These are essential to avoid biodiversity offsets becoming a “licence to trash”.
4. Contribute to Phase 2 of the BBOP (the Business and Biodiversity Offsets Programme) work which will include development of a broader selection of case studies, development of verification and certification protocols work on aggregated offsets as appropriate.

Contacts:

Andrew Dodd, Head of Site Conservation Policy, The Royal Society for the Protection of Birds, The Lodge, Sandy, Bedfordshire SG19 2DL Andrew.dodd@rspb.org.uk Tel. +44 1767 693188

Dr Helen Byron, Senior International Site Casework Officer, The Royal Society for the Protection of Birds, The Lodge, Sandy, Bedfordshire SG19 2DL
helen.byron@rspb.org.uk, tel: +44 1767 693491

Annex

BBOP Principles

These principles establish a framework for designing and implementing biodiversity offsets and verifying their success. A key element is that biodiversity offsets should be designed to comply with all relevant national and international law, and planned and implemented in accordance with the Convention on Biological Diversity and its ecosystem approach, as articulated in National Biodiversity Strategies and Action Plans.

1. **No net loss:** A biodiversity offset should be designed and implemented to achieve *in situ*, measurable conservation outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity.
2. **Additional conservation outcomes:** A biodiversity offset should achieve conservation outcomes above and beyond results that would have occurred if the offset had not taken place. Offset design and implementation should avoid displacing activities harmful to biodiversity to other locations.
3. **Adherence to the mitigation hierarchy:** A biodiversity offset is a commitment to compensate for significant residual adverse impacts on biodiversity identified after appropriate avoidance, minimization and on-site rehabilitation measures have been taken according to the mitigation hierarchy.
4. **Limits to what can be offset:** There are situations where residual impacts cannot be fully compensated for by a biodiversity offset because of the irreplaceability or vulnerability of the biodiversity affected.
5. **Landscape context:** A biodiversity offset should be designed and implemented in a landscape context to achieve the expected measurable conservation outcomes taking into account available information on the full range of biological, social and cultural values of biodiversity and supporting an ecosystem approach.
6. **Stakeholder participation:** In areas affected by the project and by the biodiversity offset, the effective participation of stakeholders should be ensured in decision-making about biodiversity offsets, including their evaluation, selection, design, implementation and monitoring.
7. **Equity:** A biodiversity offset should be designed and implemented in an equitable manner, which means the sharing among stakeholders of the rights and responsibilities, risks and rewards associated with a project and offset in a fair and balanced way, respecting legal and customary arrangements. Special consideration should be given to respecting both internationally and nationally recognised rights of indigenous peoples and local communities.
8. **Long-term outcomes:** The design and implementation of a biodiversity offset should be based on an adaptive management approach, incorporating monitoring and evaluation, with the objective of securing outcomes that last at least as long as the project's impacts and preferably in perpetuity.
9. **Transparency:** The design and implementation of a biodiversity offset, and communication of its results to the public, should be undertaken in a transparent and timely manner.
10. **Science and traditional knowledge:** The design and implementation of a biodiversity offset should be a documented process informed by sound science, including an appropriate consideration of traditional knowledge.

Extract from BHDTF Position paper on the treatment of compensatory measures proposed outside affected Natura 2000 sites under Article 6(4) of the EU Habitats Directive

Adopted July 2007

It is BirdLife International's position that habitat compensation measures under Article 6(4) of the Habitats Directive should be seen as a last resort when all other options to protect the Natura 2000 site *in situ* have been exhausted and the damage is considered justified under Article 6(4).

Where damage to a Natura 2000 site is justified under Article 6(4) of the Habitats Directive, any compensation measures should be:

- **Targeted** at completely compensating for the damage caused by the plan or project;
- **Effective** in both ecological and legal terms;
- **Sufficient** in extent to meet the ecological needs of the affected species and habitats;
- **Well-located** through compensation measures realised as close as practicable to the location where the damage will be caused; and
- **Well-timed** so that the compensation measures are fully functional before the damage is caused.