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The social impacts of biodiversity offsetting in a low-income, high-biodiversity country context

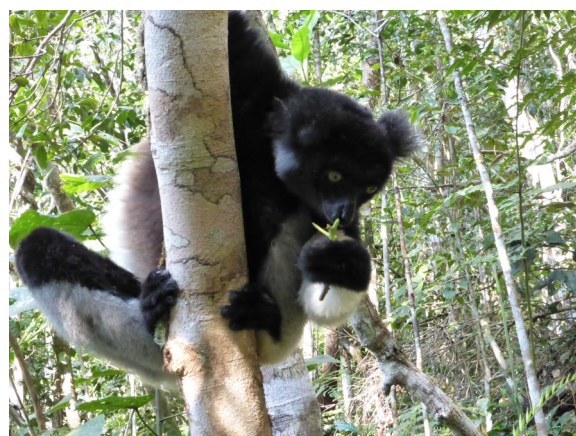
Biodiversity Offsets are now required in certain circumstances by the International Finance Corporation (IFC).

IFC's 2 key rules are: natural resource restrictions should be compensated and the poorest people deserve special consideration.

The Ambatovy nickel mine in Madagascar has used Biodiversity Offsets to achieve 'no net loss' in biodiversity.

Although the micro-development projects they implemented were well received, they were insufficient to compensate for the costs of the conservation restrictions on local people.

This matters both for pragmatic reasons (the sustainability of offsets) and ethical reasons (environmental justice).



Recommendations for companies: local development activities should be implemented before conservation restrictions; special effort needs to be made to target those most negatively affected (who are often hard to reach); engagement with researchers and civil groups can improve targeting of development activities.

Recommendations for governments or lenders: Impacts on local people deserve special consideration in monitoring and procedures are needed to ensure communities know their rights and can report any issues with the implementation of offsets.



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Consideration of local impacts of biodiversity offset in international standards: Companies carrying out major developments must follow standards set by their lenders, as well as policies of the host country. First developed as a voluntary initiative, biodiversity offsets are now required in certain circumstances by the International Finance Corporation (IFC) and have been incorporated into the legal frameworks of some countries. The IFC standards also contain guidance on mitigating local costs of developments for affected communities with two main 'rules': a) that natural resource access restrictions should be compensated, b) that the poorest people deserve special consideration.

Ambatovy case study: The offset project of the Ambatovy nickel mine in Madagascar has been used as an example of best practice in biodiversity offsets. Ambatovy aim to achieve 'no net loss' in biodiversity across all their operations by conserving areas which would have been lost due to land clearance by local people. They implemented micro-development activities (providing training programmes and material donations of new varieties of livestock, agriculture tools etc) to support local people switching to alternative livelihoods. The development activities have been well received locally by those who have benefited. However, they are perceived to be too late and too little to fully compensate for the conservation restrictions and many of those most negatively affected by the conservation restrictions have not received any benefit.

Conclusion: Those involved in developing biodiversity offsets need to consider the social impacts for two reasons. Firstly, this is an environmental justice issue: some of the poorest people in the world should not be made to bear the cost of allowing nationally important development while protecting biodiversity of global value. Secondly, understanding these social issues is vital to ensure the offsetting scheme can indeed deliver its promised biodiversity benefits into the long term as unless those more affected by the restrictions are helped to new livelihoods, the land conversion and extraction will continue. As biodiversity offset projects are increasingly implemented around the world, they are becoming a new mechanism by which conservation restrictions are being imposed on rural people, often highly dependent on natural resources. Existing international standards are stringent but more concrete actions are needed to ensure that the local costs are better balanced with tangible positive benefits which are felt locally by those negatively impacted by the offsets.

Bidaud, C., Schreckenberg, K., Rabeharison, M., Ranjatson, P., Gibbons, J. M., & Jones, J. P. G. (in press). The sweet and the bitter: intertwined positive and negative social impacts of a biodiversity offset. *Conservation and Society*.

Bidaud, C., Schreckenberg, K., & Jones, J. P. G. (submitted). The local costs of biodiversity offsets: comparing standards, policy and practice.

