



10<sup>th</sup> Meeting of the Conference of the Parties to the  
Convention on Wetlands (Ramsar, Iran, 1971)

*“Healthy wetlands, healthy people”*

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## **Creating a global approach to avoiding, minimizing and offsetting wetland loss**

(see also COP10 DR10 “Future implementation of scientific and technical aspects of the  
Convention”)

### **1) Background**

1. A long-standing task in the Scientific & Technical Review Panel’s work plan has concerned the development of guidance on mitigation for wetland losses. This originated from a request in COP7 Resolution VII.24 and was reaffirmed in COP8 Resolution VIII.16.
2. STRP attention to this matter is proposed as a High Priority STRP task for the 2009-2012 cycle of work proposed in COP10 DR10 (“Future implementation of scientific and technical aspects of the Convention”). Specifically this task is formulated as:

Task 9.1 Develop guidance on mitigation of and compensation for losses of wetland area and wetland values, in the context of [COP10 DR 16 on Detecting, reporting and responding to change in ecological character], and including lessons learned from available information on implementation of “no net loss” policies, the “urgent national interest” test, and other aspects relating to situations in which Article 2.5 and 4.2 and/or Resolution VII.24 are relevant.

3. This information paper summarises the outcomes of a recent workshop held as part of the IUCN World Conservation Congress Forum in Barcelona, Spain, in October 2008 which provided an opportunity to consider issues and approaches concerning mitigating wetland loss that could inform, and form the basis of, STRP’s initiation of work on its future task 9.1 above.

### **2) The workshop and its purposes**

4. The workshop (“A Global Approach to Avoiding, Minimizing and Offsetting Wetlands Loss”) was convened by The Nature Conservancy (TNC) with a workshop panel including expert representatives of Wetlands International, TNC, the World Bank, Shell International Corporation, the Ramsar Secretariat, and the STRP. The STRP was represented by Royal Gardner (STRP regional member for North America) and the Ramsar Secretariat by the Deputy Secretary General.

5. The purposes of the workshop were to:

- familiarize the audience with the status of wetlands around the world;
- identify gaps, flaws and risks in existing wetland protection and mitigation laws and practices;
- set out how the avoidance, minimization, and offsetting of wetland loss in the planning and implementation of infrastructure and development projects can reduce impacts on wetlands and the ecosystem services they provide; and
- propose next steps for global conservation policymakers involved in investment decisions to incorporate the avoidance, minimization, and offsetting of wetland loss in aid and infrastructure programs financed by industrialized countries, corporations, and multilateral organizations

### 3) Issues and approaches identified during the workshop

6. The following points provide a summary of the workshop panel discussion:

- i) Although wetland protection laws and practices vary across countries, many jurisdictions require that adverse wetland impacts from development projects be alleviated through offsets or compensatory mitigation (e.g., wetland restoration). Nevertheless, it is evident that wetlands are not being sufficiently protected particularly in light of their value as habitat, in providing ecosystem services, and in moderating the impacts of climate change on ecological and human communities.
- ii) In a developing world with a growing population and a global food and water crisis, there will be increased investments in development and infrastructure.
- iii) Climate change will increase the value and importance of wetland offsets.
- iv) Under the Ramsar Convention on Wetlands, Contracting Parties had adopted approaches particularly in relation to their commitments to maintain the ecological character of designated Ramsar sites, and in responding to Article 3.2 of the Convention concerning changes, or likely changes, to ecological character. These are essentially a sequence of a) maintaining the character, b) restoring degraded character, and if this is not possible, c) compensating or mitigating for loss of character. Thus within this, a mitigation protocol (avoid, minimize, offset) could be an important tool for conserving wetlands, their biodiversity and ecosystem services.
- v) In providing guidance on wetland “mitigation” and “offsets”, there is a risk of confusion about such terminologies that needs to be avoided.
  - a) The terms “compensation” and “mitigation” need to be clearly defined (if they are really different in current usage), and
  - b) As set out in the STRP task 9.1 above, wetland “mitigation” here is seen in terms of mitigation for losses of wetland area and wetland values, in the context of responding to change in ecological character. However, the terms “mitigation” and “offsets” are now increasingly being used in terms of using

wetlands for mitigating and offsetting the impacts of climate change, including through “avoided wetland degradation”. The purpose of, and appropriate approaches to, these two categories of wetland “mitigation” need to be carefully considered.

- vi) Studies and specific examples primarily in the U.S. have revealed that while there had been some early problems with wetland offset programs and projects, more recent efforts in mitigation banking and in-lieu fee mitigation projects showed greater potential for effectively providing ecosystem services, especially with respect to watershed planning and long-term stewardship.
- vii) Examples from developing countries have demonstrated the risks associated with mitigation and offsetting, namely that infrastructure and other developers have and could bypass avoidance and minimization and go directly to offsets in order to speed up project approval – or to avoid costly changes to working practices. In the absence of strong regulatory regimes, particularly in developing countries, this could provide “green cover” to wetland loss. This situation presents risks to the infrastructure investors as well as the environment sector. Large infrastructure schemes, such as dams, tend to have considerable momentum due to the availability of private finance, while the local capacity and regulatory mechanisms may be insufficient to ensure effective avoidance, minimization and offsetting measures. The carbon storage functions of healthy wetlands, particularly peatlands, is increasingly becoming clear: for the achievement of large-scale wetland restoration (for example in Indonesia, to compensate for the loss due to palm oil production). Mitigation/offsetting for Carbon is a promising approach, but a package of complementary measures is needed.
- viii) There is a high level of wetland offset activity in the U.S.A. Done carefully to ensure respect for the “avoid-minimize-offset” hierarchy or sequence, wetland mitigation could be an important tool outside the U.S. as well, particularly to offset wetland losses from infrastructure and energy development. This was the case because most development is supported by long-term borrowing that can finance meaningful offsets as a project cost rather than through tax revenues -- a path of far less resistance.
- ix) The Shell International Corporation and the World Bank each pay attention to wetland loss issues and make efforts to better safeguard the environment through various means, including, in some cases, avoiding loss of wetlands of high ecological and cultural value (under Ramsar site or other protected area status), mitigation, and offsets stemming from internal review processes. In the World Bank, these review processes are tied to safeguard policies that guide the work of the World Bank.
- x) There is a need for an enabling regulatory environment in order for offsetting to be planned and implemented well, and there are current proposals to build capacity for offsetting in the recipient country at the same time as investing in infrastructure, with a possible role of endowment funds for mitigation measures.

#### 4) Recommendations of the workshop panel to the Ramsar Convention

7. Based on its presentations and discussions, the workshop provided the following suggestions concerning wetland mitigation and offsets as an input to the future work of the STRP and the Ramsar Convention's attention to these matters.
8. If properly applied, a Wetlands Mitigation Protocol (avoid, minimize, compensate or offset) can be a useful tool in avoiding wetland loss and in restoring degraded wetlands worldwide.
9. In order to further test out this approach at a global level, the Ramsar Convention, through its Scientific and Technical Review Panel, could take a lead in convening a group of non-governmental organizations, infrastructure and energy investors and developers, and government representatives to work together to design a voluntary standard and associated criteria for wetland mitigation that might include provisions such as the following:
  - a) ensure that avoidance and minimization of wetland loss come first;
  - b) replace lost wetland functions at a multiple of the functions lost;
  - c) connect to landscape-scale wetland systems to ensure long-term viability;
  - d) recognize carbon retention as a value in offset projects;
  - e) create endowments for long-term care and the guarantee of a responsible party; and
  - f) monitor and verify results over the long term.
10. Following creation of such a protocol or voluntary standard for mitigation and offsets, the planning group (as above) should encourage several pilot projects to test results and build the case for a generally accepted global approach. These pilots should have the following general characteristics:
  - a) project planning should include the participation of stakeholders and be at a watershed scale;
  - b) the project investor and regulatory authorities with jurisdiction should agree that offsets will be used if impacts cannot be avoided;
  - c) the pilots should include opportunities to affect ecosystems that are globally significant for biodiversity and that are important in providing ecosystem services and livelihood opportunities to local populations; and
  - d) there should be up-front acceptance of monitoring and oversight by a third party.
11. The organizations represented on the workshop panel have indicated their willingness to participate in such a project and could work together to seek funding for the associated planning.

## **5) Conclusion**

12. While the wetland mitigation protocol and the offset projects that flow from the mitigation approach pose environmental risks, in a world that is developing rapidly in countries without strong regulatory regimes, further use of the "avoid-minimize-offset" hierarchy or sequence could lead to the restoration of degraded wetlands and the protection of existing freshwater and tidal wetlands. While there are risks in wetland mitigation, the workshop panel believed that wetland conservation can be advanced through the development of a global mitigation approach in conjunction with a diversity of stakeholders and, then, by the

advancement of voluntary pilot projects to test that approach. If it proves successful in satisfying development and environmental needs, efforts should be made to formalize adoption of these guidelines through existing conventions or agreements.