

Abstract for YHYS 2017 Holding private sector and the state accountable: Learning for transformational change within and beyond the forestry sector

Is there a role for private sector forestry actors in biodiversity offsetting?

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Ecological sustainability is a precondition for the legitimacy of forestry sector. As biodiversity loss continues and public conservation budgets are shrinking, the search for novel ecological policy instruments has extended from ecosystem service payments to ecological compensations and biodiversity offsetting mechanisms. The idea of these mechanisms is that the actors responsible for biodiversity degradation invest in conservation elsewhere. With the often assumed ideal target of no net loss of biodiversity, offsets should be large enough to protect biodiversity with spatial and temporal buffers against risks. Even in cases where such margins are not applied, both the loss and the compensation should be measurable so that the compensation demanding actors and offset suppliers could make informed decisions and the accountability of the mechanism would be secured. With these quite advanced theory-based pre-conditions and several well-functioning pilots in particular in connection with construction, numerous governance challenges remain. The challenges are manifested in sectors where both degrading and conserving activities are in everyday practice.

Forestry and forest sector actors influencing the status of forest biodiversity have potentially mixed roles in biodiversity offsetting. The same actors can generate degradation and contribute to conservation. The responsibility of the sector in avoiding and mitigating damages is hard to distinguish from the business opportunities that the compensation mechanism is expected to produce.

This talk will present the theoretical and operational status of biodiversity offsetting based on literature and analyse the challenges and opportunities the forest sector actors face in this conceptual framework and business environment. Experiences from a new Habitat Bank pilot in Finland and the approach of a newly starting EU Horizon 2020 project studying governance and business innovations for forest ecosystem service provision will be used as examples of the role of forests and forestry in a establishing compensation mechanism.