

A model for expanding protected areas through a proactive biodiversity offset bank

2025





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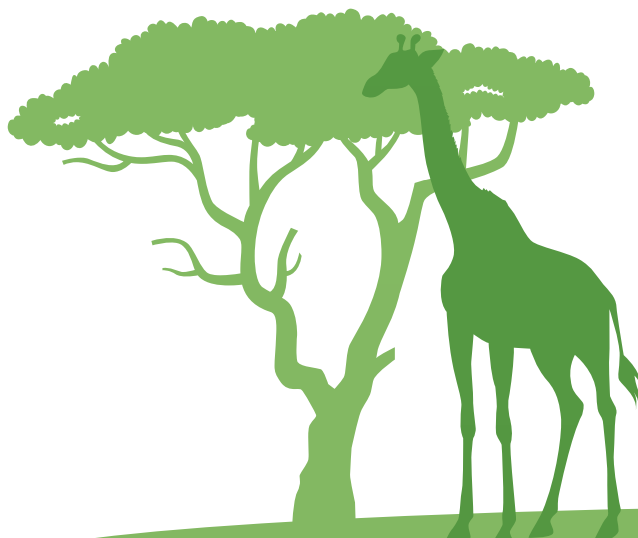
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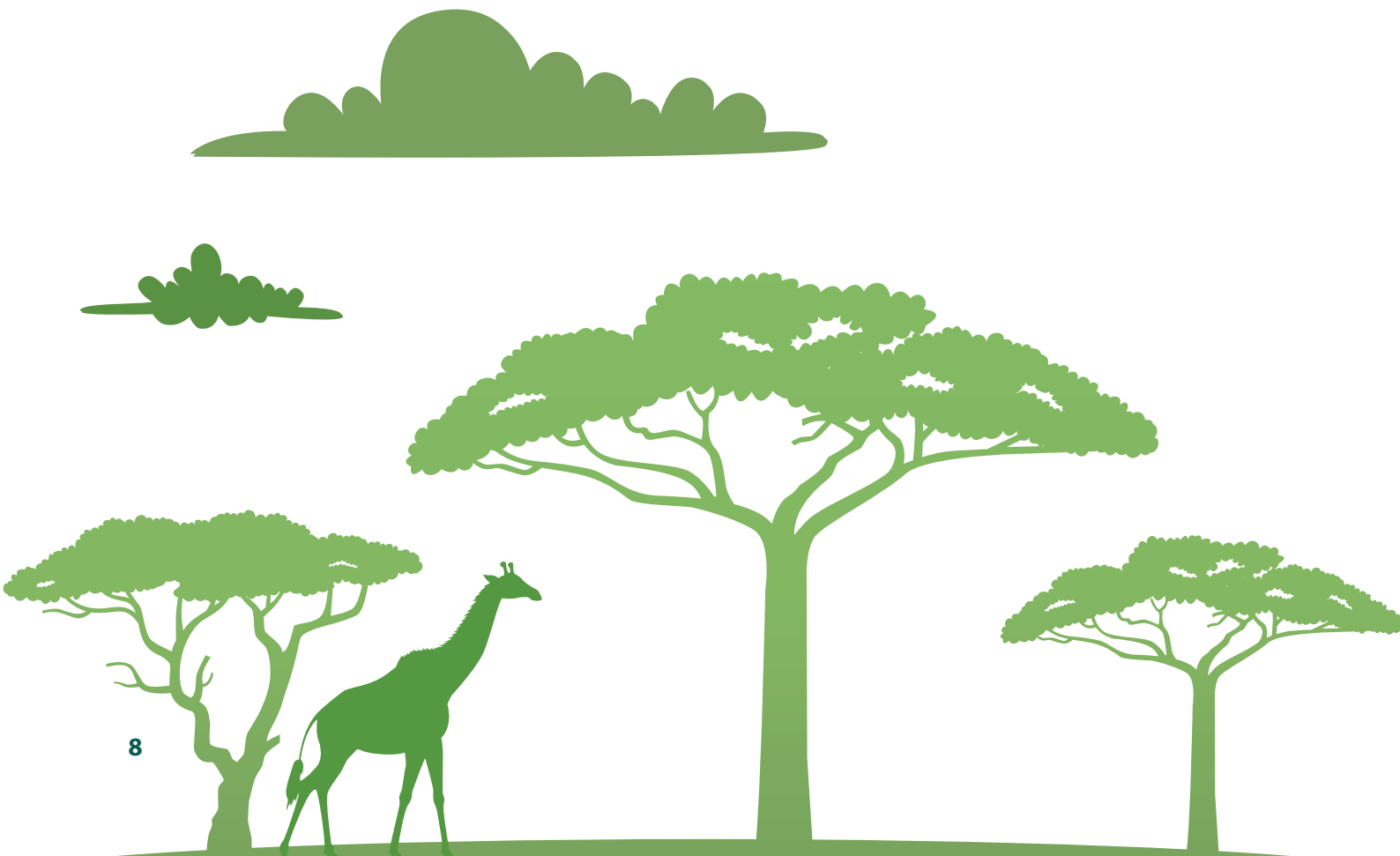


Definitions, terms, abbreviations and acronyms.

Terms	Definitions
Biodiversity Credit	A verified unit of nature that is better protected or managed for a defined period and which can be retired from a credit bank through purchase or other means. Sometimes offset banks trade in “credits” but this runs the risk of blurring the boundary between voluntary and regulatory banks, which have different implications and consequences.
Biodiversity Offsets	The measurable outcome of compliance with a formal requirement contained in an environmental authorisation to implement an intervention that has the purpose of counterbalancing the residual negative impacts of an activity, or activities, on biodiversity, through increased protection and appropriate management, after every effort has been made to avoid and minimise impacts and rehabilitate affected areas.
Biodiversity Offset Banking (or just <i>Offset Banking</i> , or <i>Banking</i>)	Proactively purchasing, protecting and managing land and its associated biodiversity by an organisation (e.g. SANParks) from which it makes available biodiversity credits which can be purchased by developers needing to offset the residual negative impacts of a development, and from which the proceeds then must be used to bank and manage more land.
Biodiversity Offset Implementation Agreement	A legally binding agreement that is entered into between the holder of an environmental authorisation/licence and a third party, or third parties, for the implementation of a biodiversity offset.
Biodiversity Offset receiving area	An area identified in an official policy, plan or programme as an optimal area for locating biodiversity offsets.
Buffer zone	<p>An area demarcated around a national park within which the intention is to reduce or mitigate the negative influences of activities taking place, to better integrate parks into their surrounding landscapes. The purpose of a buffer zone is to:</p> <ul style="list-style-type: none"> ■ Protect the purpose and values of the national park, which is explicitly defined in the management plan submitted in terms of Section 39(2) of NEMPAA. ■ Protect important areas of high value for biodiversity and/or to society where these extend beyond the boundary of the protected area. ■ Assist adjacent and affected communities to secure appropriate and sustainable benefits from the national park and buffer zone area itself by promoting a conservation economy, ecotourism and its supporting infrastructure and services, and sustainability through properly planned harvesting.

Commenting Authority	A State entity with a biodiversity conservation or natural resource management mandate that are entitled or required to comment on applications for authorisation of listed activities. These comments may indicate the need for or specific design criteria of offsets.
Competent Authority (CA)	The South African term for authorities responsible for issuing authorisations for listed or controlled activities under the National Environmental Management Act. In the wider sense, these would be any licencing authorities.
Ecosystem	A dynamic complex of animal, plant and micro-organism communities and their non-living environment interacting as a functional unit.
Liability Holder	The holder of an environmental authorisation, licence or permit that is required to provide a biodiversity offset.
Management	In relation to a protected area, includes control, protection, conservation, maintenance and rehabilitation of the protected area with due regard to the use and extraction of biological resources, community-based practices and benefit sharing activities in the area in a manner consistent with relevant legislation. In relation to offset areas, it specifically refers to the maintenance of the biodiversity features for which that area was secured as an offset.
Management Authority	In relation to a protected area, in terms of Section 38 of NEMPAA, means the organ of state or other institution or person in which the authority to manage the protected area is vested.
Management plan	Means a Protected Area Management Plan in terms of Sections 39 and 41 of NEMPAA, as formally approved in terms of relevant legislation, which is designed to ensure that a protected area is protected, conserved and managed in a manner which is consistent with relevant legislation and the purpose for which it has been established.
Proactive Offset Bank	A more descriptive term for an Offset Bank, that seeks to avoid confusion with financial banking and associated connotations which do not translate well into biodiversity mitigation.
Protected area	An area of land or sea that is formally protected in terms of NEMPAA and managed mainly for biodiversity conservation. A protected area falls into one of the categories described in Section 9 of NEMPAA.
Abbreviations and Acronyms	Expanded Form
AFS	Annual Financial Statements
CEA	Competent Authority
CPIX	Consumer Price Inflation Index
BioFin	Biodiversity Finance Initiative
DFFE	Department of Forestry, Fisheries and the Environment
IAIA-SA	International Association for Impact Assessment - South Africa
METT	Management Effectiveness Tracking Tool

NEMA	National Environmental Management Act, 1998 (Act No. 107 of 1998)
NEMPAA	National Environmental Management: Protected Areas Act, 2003 (Act No. 57 of 2003).
SANParks	South African National Parks, as existing in terms of Section 54(1) of NEMPAA.
NPAES	National Protected Area Expansion Strategy
UNDP	United Nations Development Programme
Ha	Hectares





Introduction

The Biodiversity Finance Plan (DFFE & UNDP 2017) identified the creation of an enabling environment for Biodiversity Offsets as a key component of bridging the finance gap in South Africa. In particular, the exploration of proactive offset schemes (also called 'offset- or 'conservation banking') as a potential financial solution for protected area (PA) expansion and management. A pilot project was proposed to explore the modalities of doing this in the South African context, building on foundational work done for SANParks and NGOs (Botha 2022).

Using proactive offset schemes provides a practical expression of how the national environmental management principles are applied – especially those related to internal environmental costs of development so that they are not passed on to the public. These schemes could provide a significant portion of the resources required to expand Parks in priority areas with known development pressures. These pressures could arise from the energy transition, mineral extraction, or other large infrastructure development. If these kinds of development impacts are not mitigated, it would likely preclude South Africa from reaching its biodiversity targets for sustainable development.

As a pilot, this component of the Financial Solution outlines some of the specific requirements to develop and implement proactive schemes within SANParks – the national entity responsible for development and management of South Africa's National Park estate. This builds on prior work for SANParks on the feasibility of (Brownlie & von Hase 2021) and implementation guidelines (von Hase & Brownlie 2021) for "conservation banking".

What are Biodiversity Offsets?

Biodiversity offsetting includes the counterbalancing of environmental impacts related, but not limited, to the disturbance of ecosystems and loss of biological diversity (biodiversity offsets) and the disturbance or loss of wetlands (wetland offsets), that arise from any green field development¹ that requires an environmental authorisation or other regulatory approval to legally proceed. Biodiversity offsets provide an accepted means of slowing and even reversing ecological deficit by counterbalancing degradation, destruction, and depletion through protection, rehabilitation, and restoration of natural ecosystems.

Sometimes new land development proposals coincide with sites of high biodiversity importance as identified in national and provincial biodiversity plans, bioregional plans and strategies. In such cases an Environmental Impact Assessment (EIA) must be conducted and potential impacts to biodiversity must be addressed through the mitigation hierarchy which requires developers to avoid, and if avoidance is not possible, to minimise and rehabilitate such impacts. If impacts cannot be addressed through these interventions, then as a last resort the biodiversity impacts must be offset. Although strict counterbalancing is often not possible, South Africa's approach to biodiversity offsets has adopted a suite of tools, an ecosystem classification, ecosystem threat status and specific protection targets for ecosystems that facilitates some loss of widespread biodiversity in exchange for improved management and protection of that ecosystem elsewhere.

Biodiversity offsets are conservation actions intended to compensate for the residual, unavoidable harm to biodiversity caused by some development projects.

¹ Development that impacts on untransformed areas, which include, for example, a mine; energy development (wind farm; PV site; grid extension); large infrastructure; agriculture development that has a significant residual impact including the loss of natural areas

The requirement for a biodiversity offset stems from the extended mitigation requirements outlined in the National Environmental Management Act, 1998 (Act No. 107 of 1998) (NEMA) and the associated environmental authorisation process. The principles in NEMA state that the environment is held in public trust for the people and must be protected as the 'people's common heritage'. The principles point to the need to conserve biodiversity and ecological integrity. Where impacts on biodiversity and disturbance to ecosystems cannot be altogether avoided, they must be minimised and remedied. These principles bind the developer and the competent authority in the authorisation process. The assessment, design, regulation and implementation of offsets is governed by a NEMA 24J Implementation Guideline – The National Biodiversity Offset Guideline issued by the Minister in June 2023.

Biodiversity offsets are considered as a 'last resort' option in a hierarchy of possible mitigation measures. They are seen as an exceptional, rather than the usual form of mitigation. 'Residual impacts' are those impacts that remain once all proposed mitigation measures to avoid, reduce and repair/restore potential negative impacts have been considered. Offsets may be considered to compensate for those 'residual' biodiversity impacts resulting from proposed development by securing priority habitat for biodiversity conservation in perpetuity. The offset option in the mitigation hierarchy has often been ignored or misused resulting in unmitigated remaining impacts which are accumulating and contributing to South Africa's growing ecological deficit (DEA 2018).

A biodiversity offset is typically a portion of land that has been identified as having similar or better biodiversity to that that is being impacted at the development site, that will be secured, usually as a protected area under NEMPAA, in perpetuity for conservation together with management costs. Offsets are secured primarily through a declaration of the relevant protected area category over the land. In some instances, offset sites can be land (and associated management costs) donated by the developer to an appropriate statutory conservation authority or public benefit

organisation that is willing to receive the land.

In addition to the declaration and land donation, the developer must also provide funding to meet the costs of protection, rehabilitation and management of the offset area to counterbalance a remaining impact, and where necessary, obtain specialist input for its management for at least the duration of the residual impact, until at least such time as a closure certificate is issued or thirty (30) years from the date of impact, as contemplated in the Offset Guideline (DFFE 2023) and the Section 37C(3) of the Income Tax Act (Act No.58 of 1962). The costs of monitoring and auditing performance and compliance must also be covered.

The use of the environmental impact mitigation hierarchy as the principal tool to inform effective environmental management for sustainable development requires the following mitigation options to be considered sequentially in a hierarchy of increasing risk:

Avoid – the least risky mitigation option that requires the consideration of options relating to project desirability, necessity, location, scale, layout, technology and phasing to avoid or prevent negative impacts on the environment.

Minimise – the consideration of alternatives to project location, scale, layout, technology and phasing that would reduce, moderate or minimise impacts on the environment.

Rehabilitate – the consideration of activities to rehabilitate, restore, remediate, repair or reinstate the environment where impacts are unavoidable and where such activities return the impacted environment to a near-natural state or an agreed land use after the project.

Offset – the consideration of measures to counterbalance the remaining impacts on the environment after every effort has been made to avoid, minimise and then rehabilitate impacts through avoiding, minimising and rehabilitating impacts or impacted areas elsewhere.

The objectives of Biodiversity offsets

The desired outcome of biodiversity offsets is to ensure the following:

- That biodiversity is secured in the long term through the protection and appropriate management of ecosystems and species.
- That efforts to protect biodiversity in the long term contribute to the expansion of South Africa's protected area network² and are focussed in areas identified as biodiversity priorities, with particular emphasis on the consolidation of protected areas and biodiversity priority areas and securing effective ecological links between priority areas.
- That ecological infrastructure and the services and benefits it provides are maintained and where necessary restored to an acceptable level.
- That the cumulative impact of the authorised activity, or activities, and land and resource use change does not: –
 - result in the loss of irreplaceable biodiversity or jeopardise the ability to meet biodiversity targets.
 - lead to any ecosystem with a threat status of Vulnerable or Least Concern becoming Endangered, or any Endangered ecosystem becoming Critically Endangered.
 - cause an irreversible decline in the conservation status of species and the presence of special habitats; or
 - cause a significant loss in ecosystem services³.

The SANParks Proactive Biodiversity Offset Bank Model

In line with the imperative to expand the protected area estate to meet National and international obligations and pursue innovative sustainable financing mechanisms for this expansion, SANParks is piloting the establishment of a Proactive Biodiversity Offset Bank around National Parks. This bank will prioritise areas where there is existing or likely future demand for offsets as conditions of environmental authorisations for development projects. Proactive Offsets provide a means to generate known offset outcomes in advance with predictable costs that are appealing to regulators and offset liability holders. They avoid the costly, unpredictable and land price influencing reactive offset site acquisition process after an environmental authorisation is issued, and where time constraints can yield sub-optimal outcomes for the developers/liability holders, SANParks and regulators.

SANParks has several powers, functions and mandates that enable its participation in proactive offsets. These include the ability to acquire land, to expand National Parks, to sell offset liability rights and retain/invest income in certain circumstances/ with specific permissions. These are governed by multiple enabling institutional policies.

In addition to an empowering policy and institutional framework, some specific processes and documents provide tools on which to build a proactive bank. These include:

- The ability and experience to conclude agreements with offset liability holders and to recover costs on an upfront⁴ and/or annual

² As planned for in the National Protected Areas Expansion Strategy, provincial protected area expansion strategies and, where available, local protected area expansion strategies.

³ Sometimes the loss of ecosystem services can be compensated for through artificial provision of a replacement service. However, this guideline does not deal with that type of compensation. It only deals with required mitigation (focussing on biodiversity offsets) for impacts on biodiversity, i.e., the *natural* ecosystem components that provide the ecosystem service.

⁴ Noting that there are some auditing and accounting challenges with receiving all offset funds upfront.

basis.

- The existence of a Land Inclusion Plan for each park, and gazetted Park Expansion Zones, codified in the Ministerially approved Park Management Plans.
- Property Operational Plans allowing bespoke management activities for each offset bank property to be costed, and which provide some protection and rules for newly acquired sites, prior to them being subject to the protections in the formal Park Management Plans. Property Operational Plans pinpoint quite specific requirements for site establishment, initial protection and rehabilitation as well as additional property-specific components of ongoing management costs.
- Management Effectiveness Tracking Tool (METT) assessments, and Park Management Plan Reviews, providing a high-level evaluation of park management for each park, which can be used as a coarse indicator for any offsets associated with the park.
- An established land purchase programme, with procedures, accounting codes, and invoicing architecture.
- An offset bank model, built on established procedures and costs, that allows SANParks to cost offset bank credits reasonably accurately and transparently.
- Park Management Plans and programmatic budgeting approach allow a defensible pre-emptive ability to determine a base rate for Park management costs per hectare – which can be applied to new offset bank properties.
- Annual financial and performance audits, performed by the Auditor General of South Africa, providing for transparency and accountability to SANParks operations.

The key components of the SANParks Proactive Biodiversity Offset Bank, outlined below, include:

- a. Ledger of available offset credits per property detailing areas of different vegetation types and other unique habitat information.
- b. Establishing the component costs of an offset credit including:
- c. Reservation Fee (to access credits in the future)
- d. Capital Fees (baseline property acquisition

costs per ha or per ha of different vegetation types if done as part of the valuation or purchase agreement as well as transaction & establishment costs)

- e. Management Fees per ha (for ongoing management – composed of a baseline park biodiversity management portion and property specific portion)
- f. Financial flows; and
- g. Conclusion of an Implementation Agreement with a liability holder setting out which areas / offset credits are to be retired as well as the Financial arrangements.

SEE ANNEXURE: FIGURE 1.



Building a Biodiversity Offset Bank Ledger

SANParks purchases sites adjacent to its Parks (or makes available recently acquired land that is not yet declared as part of a Park) – and begins the process of securing, declaring and management planning for the property(ies). Site details are captured in an online repository hosting data on biodiversity attributes (area of specific vegetation types/ecosystems available as offset credits).

This is an internal document and not public facing; however, summary statistics and maps of ecosystems covered by the bank would be made available. Details on acquisition and other upfront capital costs; initial protected area establishment and preparation costs; and ongoing management costs are captured per property per Park. In cases where a specific Property Operation Plan may require additional establishment and management costs, these can be itemised per property.

SANParks' Management Region	National Park	Total Ha
Arid	Augrabies Falls	2043
	Namaqua	4650
	Mokala	1766
Cape	Table Mountain	4
Garden route and Frontier	Addo	5210
Savannah	Marakele	2399
Grand Total		16072

Table 1. The status of the Offset Bank ledger in SANParks as of May 2025.

Establishing component costs of a Biodiversity Offset Credit

Credit costing is broken down into three fee components: Capital, Management and Reservation Fees. These fees are determined by systematic accounting of the transaction, purchase, establishment and (forecast) management costs. If a liability holder wishes to take out an option to use the offset bank if or when their proposed development receives final regulatory or financial approvals, then a Reservation Fee would also be applicable.

Reservation Fee: Calculated currently as 10% of the Capital Fee, payment of the Reservation Fee allows a liability holder to reserve specific hectares of specific ecosystems in the bank for up to 5 years or until their authorisation lapses. Income generated through reservation fees are to be used for park expansion.

Capital Fee: Proposed budget line items for determining Capital Fees and how they are costed/recovered are set out below:

Capital Costs	Note: Cost escalates annually at the Long-Term Government Bond Rate
Component	Description
Acquisition	SANParks valuation of the property or acquisition cost if very recent
Transaction	Cost of SANParks concluding the offset transaction. Periodically calibrated against actuals from Park Planning & Development

Declaration	Cost of the legal processes required to declare a protected area. Periodically calibrated against actuals
Contingency Management	To cover unanticipated management events. Equivalent to 5 years of management costs.
Upfront establishment	Initial fencing; demolition of existing infrastructure; rehab, etc. Determined by Property Operation Plan or Site assessment reports

Table 2. Capital Fee cost calculation for the SANParks proactive biodiversity offset bank

If a liability holder concludes an agreement with a Reservation Fee for access to offset credits in the future, then the Capital Fee will increase annually by the Long-Term Government Bond Rate – to reflect the time value of money. In September 2024, this rate was 9,75% for terms >5 years. The acquisition, transaction and declaration components of the Capital Fee are to be used for further park expansion. The upfront establishment component of the Capital Fee is cost recovery for Parks Division management actions already executed on the relevant property. The contingency management fee must be held for unanticipated management actions that may be required on the property in future.

Management Fees: Management costing is impossible to specify precisely and forecast accurately for 30 years - pragmatism is required to ensure costs are suitably calibrated and can be codified in long-term agreements. To estimate the likely management costs, the following approach is adopted:

- Initially, a generic per hectare cost is estimated. The Park or Park Region’s annual budgets are stripped of non-biodiversity management components, extraordinary project budgets, and other expenses not defensibly attributable to participants in the Bank (see detail in Table 3 below). It is worth acknowledging here that not all current Park budgets are sufficient to achieve excellent

management effectiveness – however, continually updating budgets, checking effectiveness metrics and programmatic approaches to setting these may help to clarify shortfalls. This stripped-down budget is then divided by park area to determine an average baseline management cost per hectare.

- Then, further specific property management costs are determined. These can be derived from Property Operation Plans, client needs or offset criteria specifics (e.g. additional species recovery or management needs). If possible, the additional costs should be reduced to a per ha fee.
- The sum of the generic baseline Park per ha cost and the specific property or offset management fee component per ha then determine the management cost that the liability holder needs to pay.

Specific management costs will be derived from either a Property Operation Plan (if not yet declared as part of a Park or where one has been drawn up for specific purposes) or from the Park Management Plan and associated budgets. SANParks management planning breaks up park budgets into six primary components: Conservation; Infrastructure & Security; Tourism; Education & Outreach; Management Overhead; and Maintenance. The various components and considerations are provided below:

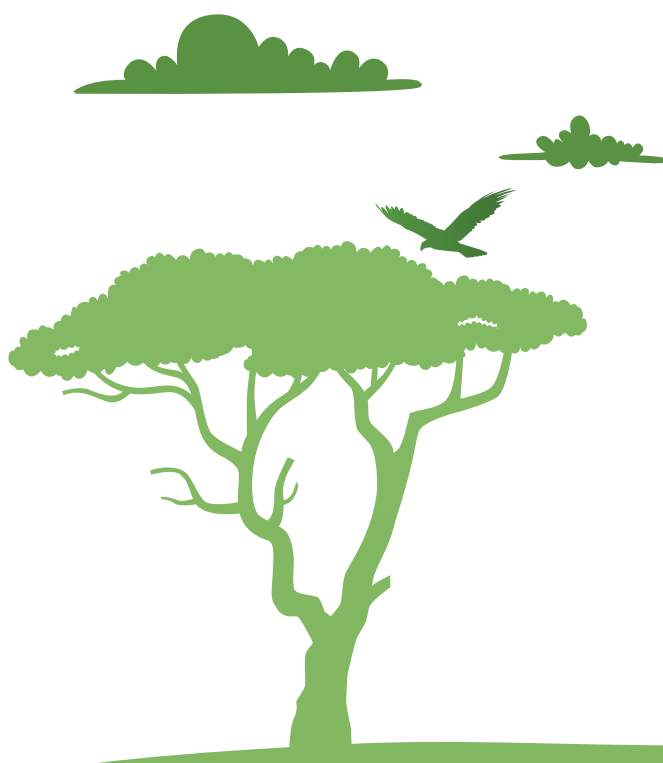
Category	Item	Contribution Range
Conservation	Alien invasive species	3 – 10%
	Degradation & rehabilitation	0 – 63%
	Freshwater ecosystems	1
	Species of special concern	1 – 11%
	Regional integration	Not Available
	Functional ecosystems	Not Available
Management	Park expansion	Not Available

Category	Item	Contribution Range
	Financial management & administration	2,4 – 3%
	Climate change	Not Available
	Disaster management	Not Available
	Risk	Not Available
	Information management	Not Available
	Safety, health, environment & quality	Not Available
	Communication	Not Available
	Environmental management	Not Available
	Outcomes	Not Available
	Cultural heritage	Not Available
	Human capital development	Not Available
Maintenance	Buildings and Services	Not Available
	Fencing	Not Available
	Roads, tracks & trails	Not Available
Infrastructure & Security	Safety & security	5 – 6%
	Infrastructure	2 – 20%
Tourism	Responsible tourism	0 – 30%
Education & Outreach	Environmental education & awareness	3%
	Stakeholder engagement	Not Available
	Employment, business opportunities and skills development	Not Available

Table 3. Recoverable Management cost informants for the SANParks Proactive Biodiversity Offset Bank, and the nominal range of contribution to baseline management costs of certain items for five National Parks in the Arid, Cape, Frontier and Northern Clusters who budgets were examined for the offsets bank. It is unlikely that Education & Outreach budgets would ever be included in baseline management fees.

The management costs over the 30-year liability period could also be summarised in a net present value function using standard National Treasury discount rates and forecast inflation measures to arrive at a once off valuation for this fee. However, while this is standard practice internationally, and would be appropriate for a private offset bank, it creates unique challenges for a public entity.

Accepting a 30-year management liability on behalf of a participant in the Bank would require declaration of a contingent liability in the AFS and require tricky auditing treatment for a public entity. Therefore, even though the administrative costs are higher, SANParks has elected to invoice management fees annually upfront, and take on the risk of chasing up possible debtors.



Financial flows & Accounting treatment of the different credit fee components

The Financial flows are set out in the following schematic.

SEE FIGURE ANNEXURE: FIGURE 2

Internal procedures to ensure efficiency and alignment with published offset principles in the National Guideline and associated regulatory requirements include the following:

- Create a new cost centre for each offset agreement.
- Internal financial systems controls and restrictions that trigger invoicing for offset payments (Reservation, Capital and Management Fees), and reinvestment of proceeds within the different Cost Code per Park (ensuring additionality).
- Suitable accounting treatment of the offset bank properties/assets and agreed upon reporting procedures for auditing purposes⁵.
- Transparent communication in public facing reports of offset credits available and retired.
- SANParks' regular maintenance of the offset bank ledger.
- Systems for timeous development of Property Operation Plans, Park Budgeting and accounting at Park level for offset-linked site establishment and management.

The reservation fee income will be recognised as revenue immediately, given that the fee is non-refundable and SANParks has no obligation to perform any further activities in relation to the Reservation Fee.

The Capital Fee is comprised of two components,

both of which are performed prior to concluding an offset agreement with a potential buyer:

- a. costs incurred by Park Planning to effect the acquisition, declaration and purchase transaction and
- b. costs incurred by Park Management to establish the site as a protected area (i.e. part of the park).

As there is no obligation by SANParks to perform any further activities in relation to the above, the income received can be recognised as revenue immediately. From an operational perspective, this revenue will be split into cost centres as per a) and b) above. The revenue associated with Park Expansion can be pooled with revenue from other credit sales, prior to utilising it for further park expansion. The revenue associated with Park Management can be utilised towards implementation of the Biodiversity Offset Management Plan/Property Operational Plan.

The associated credits, debits and activities performed will be tracked in control documents that will enable narrative reporting in the AFS. As the Management Fees are invoiced annually upfront, there is a practical implication of only recognising the offset management payments as revenue once the management activities are completed. The property operational plan (also referred to as a biodiversity offset management plan) must be written in such a way to demonstrate implementation of management activities on the site generating the offset credits.

It may be prudent to pool all management income into a general line item, drawing interest, etc, until a Park implements the property management plan, and then the agreed amounts are disbursed into the offset line item for that Park. This helps manage the risk that the Park would not have the capacity to the management if they don't get the funds upfront. Any external service provider could be paid directly from the Park account. If grant funds are used to kick start the offsets bank, there may be sufficient retained resources or emerging income streams to establish a non-sinking endowment for the bank. Initially this could be for each property but could evolve into an endowment fund to reduce

⁵ It appears that additional specialist input on auditing approaches may be required to satisfy the Auditor General.

administrative costs. SANParks is exploring aspects of this sustainable funding model in several 'mega living landscapes' with grant preparation funds from the Global Biodiversity Framework Fund⁶.

The data points on upfront capital and ongoing management yield a per ha price for purchase of an offset credit from the bank, and a per ha price for the minimum 30-year management of the area that the proponent is liable for. This has been calculated for properties around the first five Parks in the initial phase of the bank.

SANParks could make this information available to:

- specific competent authorities (who may be engaging with EA applicants or offset liability holders) including through the formal and less formal structures where the authorities discuss matters related to EAs and mitigation implementation.
- environmental assessment professionals & specialists advising applicants or liability holders, including through trade events, association meetings and the like.
- in some cases directly to known liability holders around Parks with whom it may have engaged as part of the EIA process. If required by authorities, SANParks could also regularly publish the ledger information in the Government Gazette. This dissemination enables negotiations between SANParks and holders to conclude an offset implementation agreement – which sets out the offset credits provided and the financial components and timelines of the transaction, among other details required for compliance with the National Biodiversity Offset Guideline (DFFE 2023).

Concluding an Implementation Agreement between SANParks & Liability Holder

To codify the commitments of a liability holder and SANParks in offset banking transactions and to give effect to the compliance requirements in the National Biodiversity Offsets Guideline, the parties would conclude an Implementation Agreement. This sets out the following minimum terms (among others deemed necessary):

- a. The start date of the agreement terms and its duration.
- b. The bank credits satisfying all or part of the offset liability.
- c. Management plans applicable, responsibilities and specifics (if latter applicable).
- d. Roles & responsibilities, as well as potential performance auditing (3rd Party biodiversity specialist), notifications to authorities and parties.
- e. Financial arrangements including the schedule of Reservation, Capital and Management Fees, escalating at standard government rates.
- f. Invoicing and payment terms.
- g. Breach, rectification and penalties.
- h. Dispute resolution

The agreement could also set out:

- i. the protocols for retirement of credits – and accompany Notarial endorsement on the affected properties (if required).
- j. any pertinent details of an applicable Property Operation Plan for the site.
- k. a summary of the offset requirements to facilitate compliance auditing by authorities.
- l. Any other requirements for Offset Implementation Agreements set out in Guidelines.

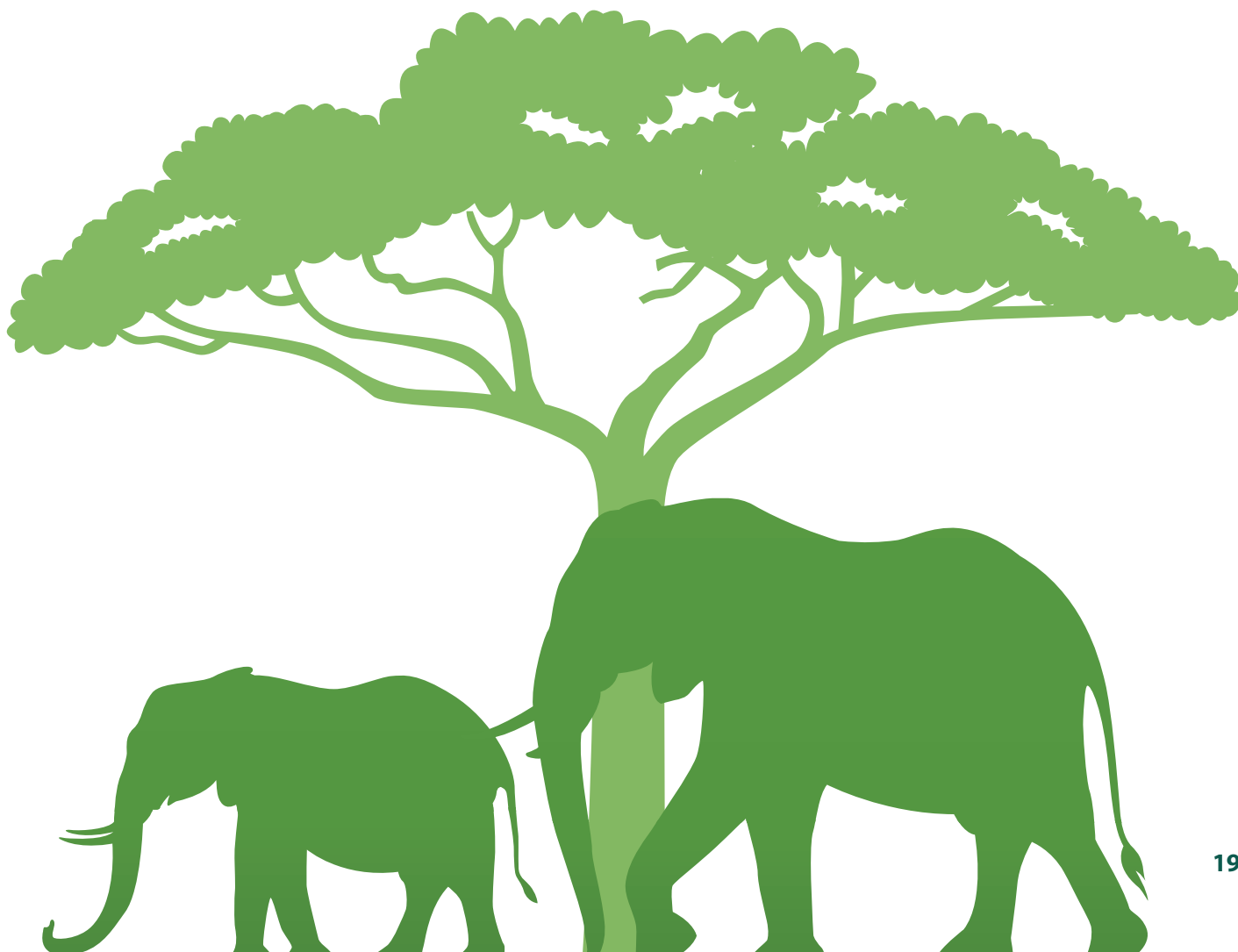
6 Lala Steyn, Alvin Ngugi – *pers comm* July 2024.

Costs of concluding the agreement will be recovered in the Capital Fees from liability holders.

Likely scenario: On successful execution of the Implementation Agreement and payment of the upfront fees, the liability holder notifies the competent and commenting authorities of the offset arrangements and, when appropriate, of successful completion or compliance with the offset condition.

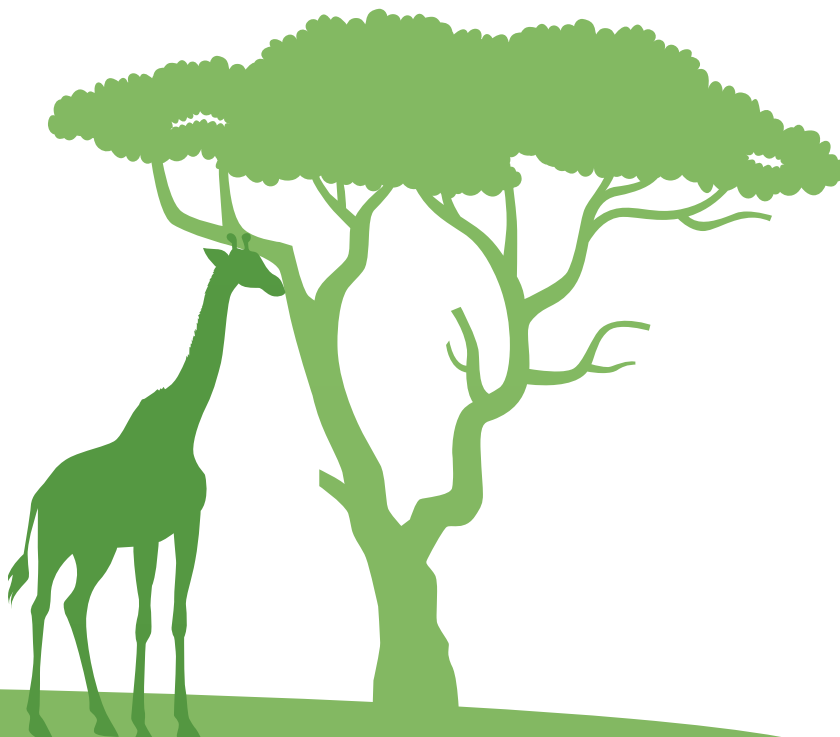
SANParks may be called on to verify claims or substantiate offset particulars to the authority. Liability is effectively shared between SANParks and liability holder – although the latter would still be liable to the regulator to prove compliance or extract performance from SANParks as its service provider.

If necessary, pertinent details are captured in the national biodiversity offset register, likely by the applicant / liability holder or their EAP.



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Annexures

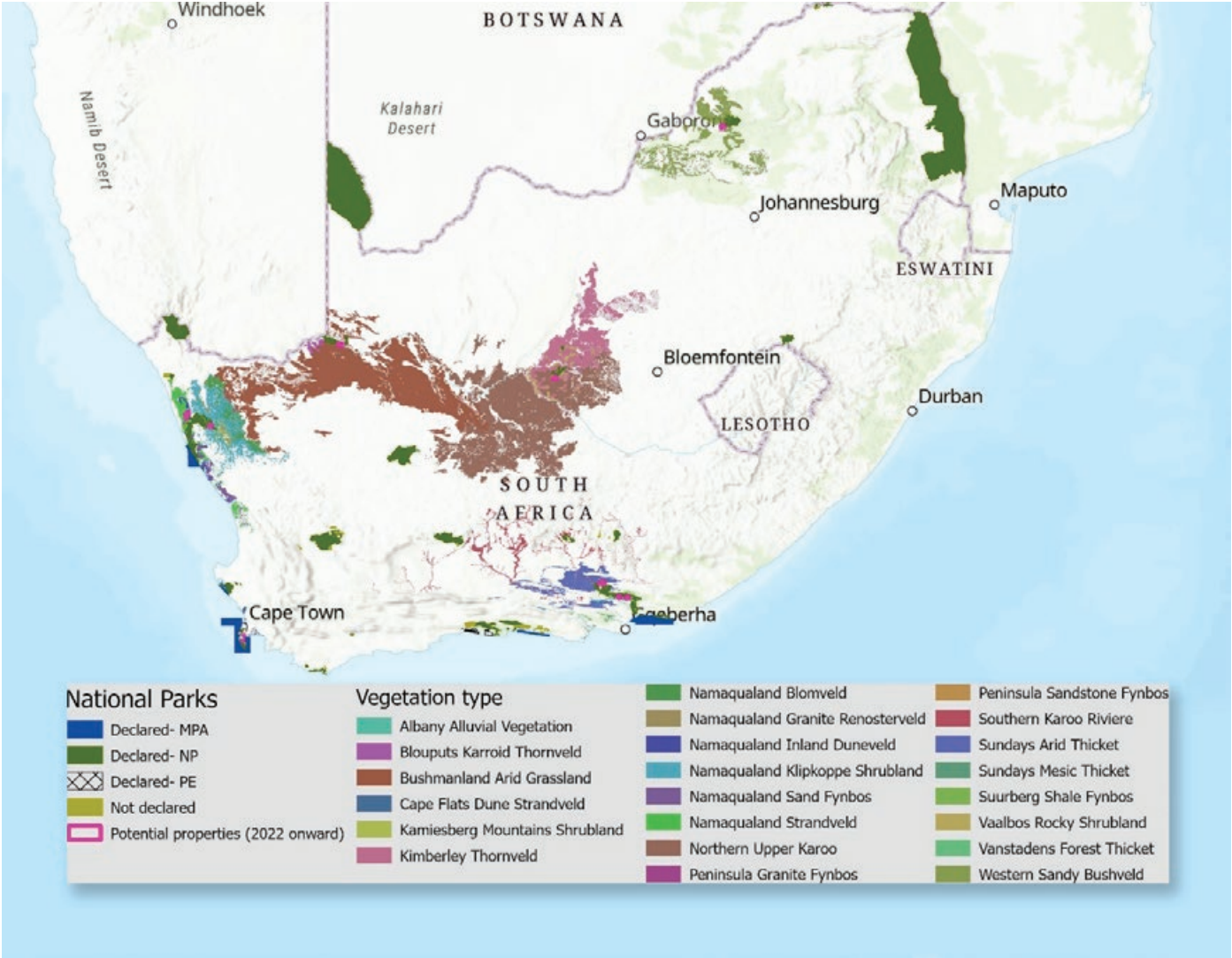


Figure 1. The full extent of ecosystems covered by the Offsets Bank, as of May 2025. About 16 000 credits are available to offset residual impacts incurred in these ecosystems.

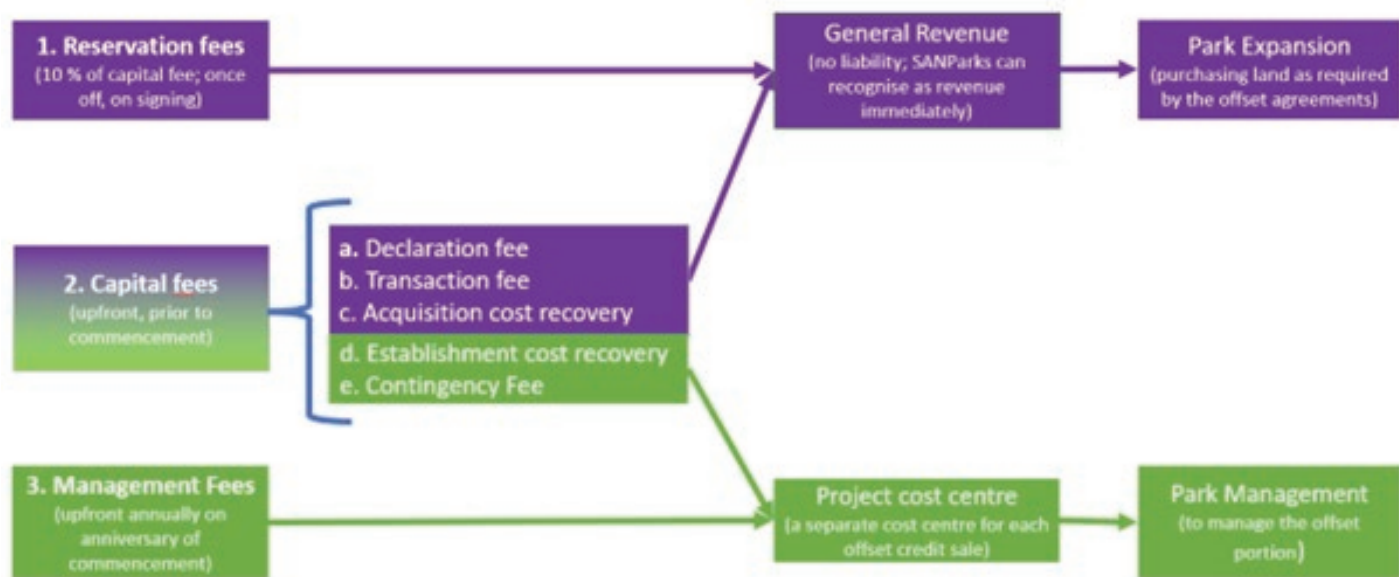


Figure 2. Schematic of the proposed structure and financial flows of Offset funds in the SANParks Proactive Biodiversity Offset Bank.

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