



Proteus Partners Meeting 2012

hosted in London by Shell on June 14th





IFC SUSTAINABILITY FRAMEWORK

William Bulmer

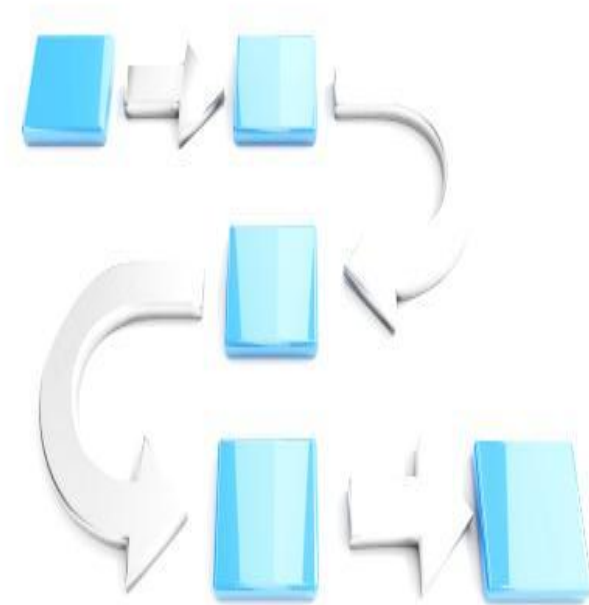
**Director, Environment, Social and Governance Department,
IFC**

June 2012

IFC SUSTAINABILITY FRAMEWORK

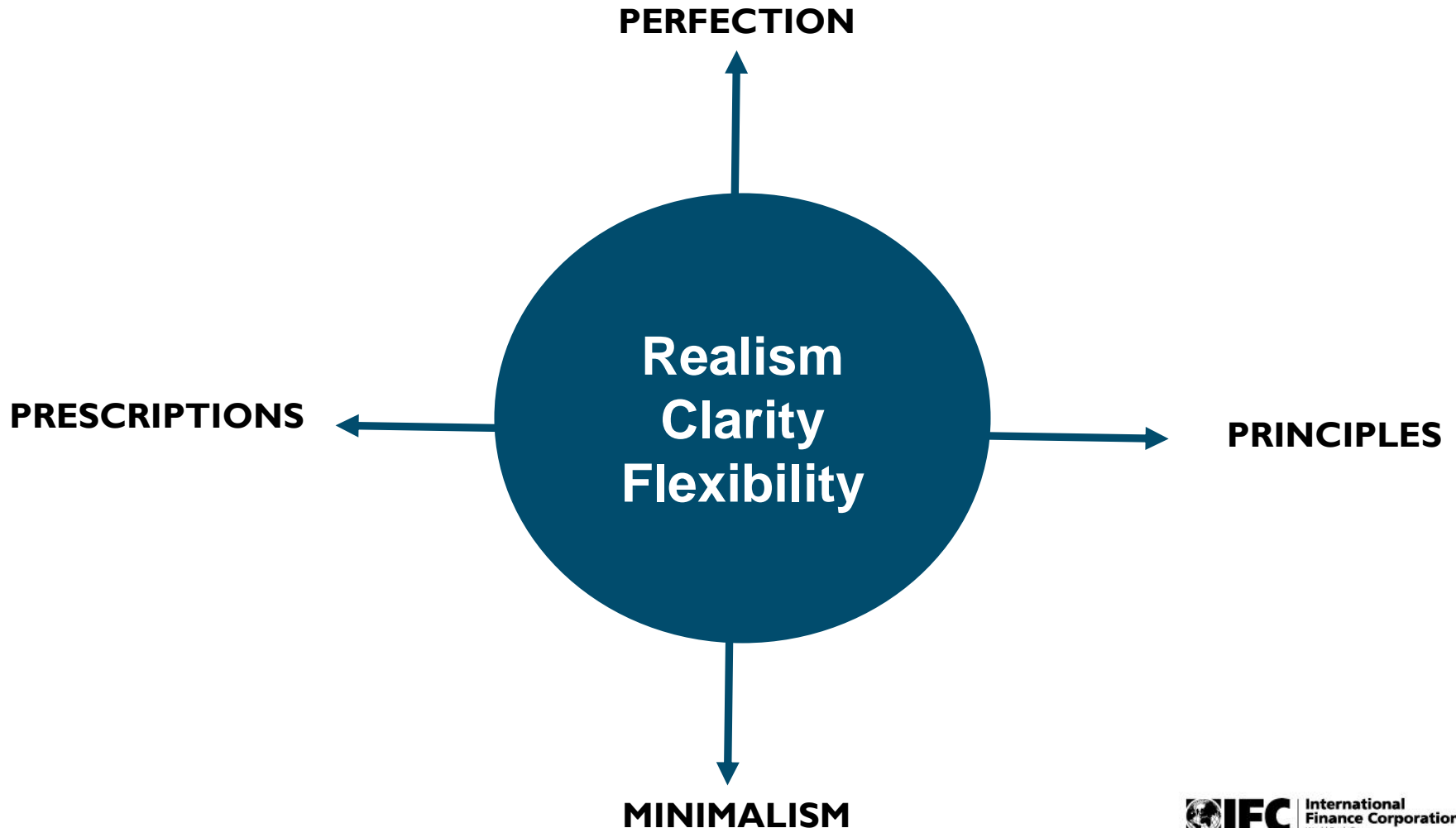
<http://www.ifc.org/sustainability>

- Before 2006 (Safeguards):
 - Some dated to 1980s
 - Document and procedure-centric approaches
 - Front loaded and prescriptive
- From 2006 (Performance Standards):
 - Outcome orientation
 - Identification of core principles
 - Integrated approach to E&S
 - Focus on firms and management systems (ESMS)
 - Flexibility for progressive realization
- Updated Framework took effect January 2012
 - Based on two-year consultation and review process



UPDATE TO IFC'S FRAMEWORK

A Balanced Approach



IFC PERFORMANCE STANDARDS



PS1: Assessment and Management of E&S Risks and Impacts



PS2: Labor and Working Conditions



PS3: Resource Efficiency and Pollution Prevention



PS4: Community Health, Safety and Security



PS5: Land Acquisition and Involuntary Resettlement



PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources



PS7: Indigenous Peoples



PS8: Cultural Heritage

IFC SUSTAINABILITY FRAMEWORK



IFC PERFORMANCE STANDARDS

Notes on the Performance Standard versus the Guidance Notes

Performance Standards

- Outcome-based
- Describes the *what* is to be achieved
- Non-negotiable
- Legally-binding requirements

Guidance Notes

- Process-based
- Describes *how* outcomes are to be achieved
- Recommended approaches
- Not legally-binding

PROJECT RISKS AND IMPACTS

Are all 8 Standards used in every direct investment project?

PS7-5%

PS5-44%

PS4-87%

PS2-99%

PS8-16%

PS6-27%

PS1-100%

PS8-16%

PS3-95%

Performance Standard 6 (2012)

Overview of Key Changes and Relevance to Extractive Industries

IFC PERFORMANCE STANDARDS

Performance Standard 6 : *Biodiversity Conservation and Sustainable Management of Living Natural Resources*

Objectives

- To protect and conserve biodiversity
- To maintain the benefits from ecosystem services
- To promote the sustainable management of living natural resources

IFC PERFORMANCE STANDARDS

Concepts of Most Relevance to the Extractives

- Mitigation Hierarchy
- Biodiversity Offsets (relation to requirements)
- Landscape/Seascape scale analysis
- Determination of critical habitats (and recommended *processes and approach*)
- Requirements in critical habitats

IFC PERFORMANCE STANDARDS

Mitigation Hierarchy

- ***Avoid*** adverse impacts
- ***Minimize*** impacts when avoidance is not possible
- ***Restore*** biodiversity and ecosystem services when both avoidance and minimization is not possible
- ***Offset*** significant residual impacts (biodiversity only)

IFC PERFORMANCE STANDARDS

Biodiversity Offsets in PS6

- **Measurable conservation outcomes** reasonably expected to result in **no net loss and preferably a net gain** of biodiversity. **Net gain** is required in critical habitats.
- The design of a biodiversity offset must adhere to the “**like-for-like or better**” principle.
- Must be carried out in alignment with **best available information and current practices**.
- **External experts** with knowledge in offset design and implementation must be involved.

IFC PERFORMANCE STANDARDS

Natural / Critical Habitat requirements relevant to offsets

Natural Habitats

- **Outcome:** No net loss *where feasible*

Critical Habitats

- Outcome:** No measurable adverse impacts
- Outcome:** ‘Net positive gain’ of biodiversity values

If significant residual impacts remain after avoidance, minimization and restoration measures are implemented, then biodiversity offsets are considered

No explicit requirement to conduct an offset, but if an offset is considered then there are requirements for conducting one

IFC PERFORMANCE STANDARDS

Habitat Characterization

- **First step in understanding requirements:** Where is your project site?? Modified, natural or critical habitat
- Gradients of habitats....
- Often mosaic of modified / natural habitats
- Critical habitat can be modified or natural habitats
- Variations: Critical modified habitat, critical natural habitat, modified 'sub-area' within a critical habitat

IFC PERFORMANCE STANDARDS

Determination of Critical Habitat (2012)

Areas of high biodiversity value, which include (but not limited to) the following 'criteria':

- Critically Endangered and/or Endangered species
- habitat of significant importance to endemic and/or restricted-range species
- habitat supporting globally significant concentrations of migratory species and/or congregatory species
- highly threatened and/or unique ecosystems
- areas associated with key evolutionary processes

Internationally-recognized areas of high biodiversity value / priority ecosystems recognized by governments – Critical Habitat

IFC PERFORMANCE STANDARDS

Determination of Critical Habitat (2012)

- Importance of *stakeholder consultation as a first step*
- Desktop analysis, literature review from multiple sources, global/regional databases on priority areas *as a first step*
- Importance of landscape/seascape scale when assessing biodiversity (requirement)
- Determination of critical habitat using an *ecologically relevant scale* – i.e., not habitat features within a concession site (requirement)
- Engage external, technical experts (requirement: critical habitat / biodiversity offsets)

IFC PERFORMANCE STANDARDS

Requirements Critical Habitat (2012)

- No project unless client has demonstrated:
 - **No other viable alternatives** within the region exist for development of the project on modified or natural habitats that are not critical;
 - Project doesn't lead to **measurable adverse impacts on biodiversity values for which critical habitat designated and on ecological processes supporting them**;
 - Project doesn't lead to **net reduction** in the global and/or national/regional **population** of any Critically Endangered or Endangered species over a reasonable period of time; and
 - Robust, appropriately designed, and long-term biodiversity **monitoring and evaluation program** is integrated into the client's management program.

IFC PERFORMANCE STANDARDS

Requirements Critical Habitat (2012)

In cases where a client can meet these requirements, the project's mitigation strategy will be described in a [Biodiversity Action Plan](#) and will be designed to achieve [net gains](#) of those biodiversity values for which critical habitat was designated.

Where biodiversity offsets are proposed, client must demonstrate through an [assessment](#) that the project's significant residual impacts on biodiversity will be [mitigated](#) to meet the above requirements.

IFC PERFORMANCE STANDARDS

Ecosystem Services Definition

- Ecosystem services are the benefits that people, including businesses, derive from ecosystems
- Four categories:
 - **Provisioning Services** – Goods or products people obtain from ecosystems
 - **Regulating Services** - Benefits people obtain from an ecosystem's regulation of natural processes
 - **Cultural Services** - The nonmaterial benefits obtained from ecosystems
 - **Supporting Services** - The natural processes such as nutrient cycling and primary production that maintain other services

IFC PERFORMANCE STANDARDS

New Requirements

Performance Standard 6 - “Home” of Ecosystem Services

*...adverse impacts to **priority services** should be avoided
If unavoidable, the client will minimize them and implement
mitigation measures **that aim to maintain the value and
functionality of priority services***

However... compensation is a possibility for provisioning ecosystem services as covered in PS5

THANK YOU!



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Defining and describing protected areas: processes and implications for industry



Nigel Dudley and Sue Stolton

IUCN World Commission on Protected Areas

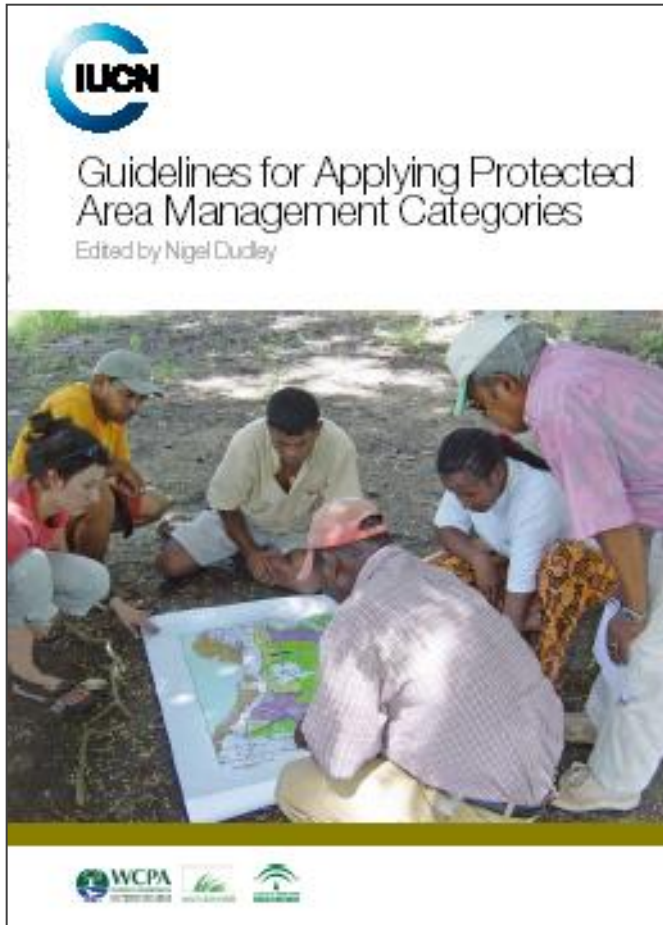
1. IUCN protected area definition
2. Management categories
3. Governance types
4. Company reserves



The IUCN protected area definition and categories summarise the underlying philosophy behind protected area management around the world



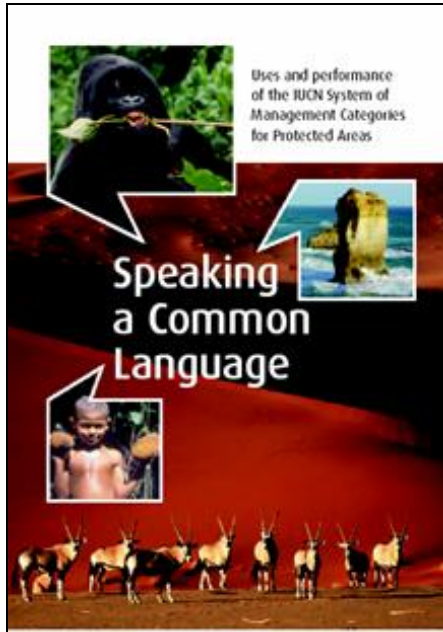
IUCN published a new edition of guidelines to the IUCN protected area categories at the World Conservation Congress in October 2008



Now available in French, Spanish, Arabic, Japanese and German, summaries being prepared in more languages



IUCN ran a four year process of reviewing the categories following a request from the 2004 World Conservation Congress in Bangkok



WCPA commissioned a major report and over 40 papers, used existing research and run an open web forum...



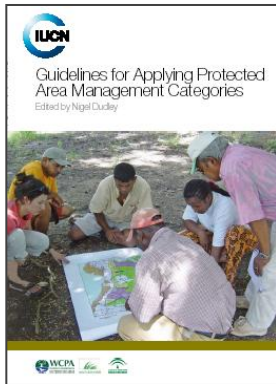
Face to face discussions took place at regional meetings around the world – from governments to villagers – and at a “summit” in Almeria, Spain in 2007, with over 100 protected area practitioners

The background of the slide is a photograph of a body of water, likely a lake or sea, with a greyish-blue hue. In the foreground, there are several tall, thin green stems with white, fluffy flower heads, possibly from a species of grass or sedge. The flowers are scattered across the lower half of the image, some in sharp focus and others blurred.

- **DEFINITION OF A PROTECTED AREA**

- A clearly defined geographical space, recognised, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values

- 
- **DEFINITION OF A PROTECTED AREA**
 - A clearly defined geographical space, recognised, dedicated and managed, through legal or **other effective means**, to **achieve** the long-term conservation of **nature** with associated ecosystem services and cultural values

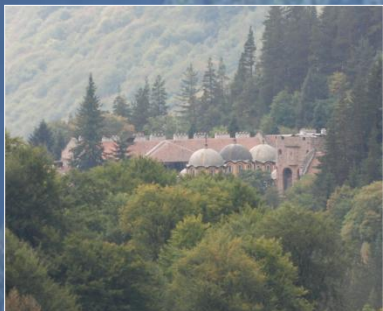


The definition is explained word by word in the guidelines and is also accompanied by a series of principles, the most significant here being...

For IUCN, only those areas where the main objective is conserving nature can be considered protected areas; this can include many areas with other goals as well, at the same level, but in the case of conflict, nature conservation will be the priority




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The 1994 guidelines are quite specific...

Table: Matrix of management objectives and IUCN protected area management categories

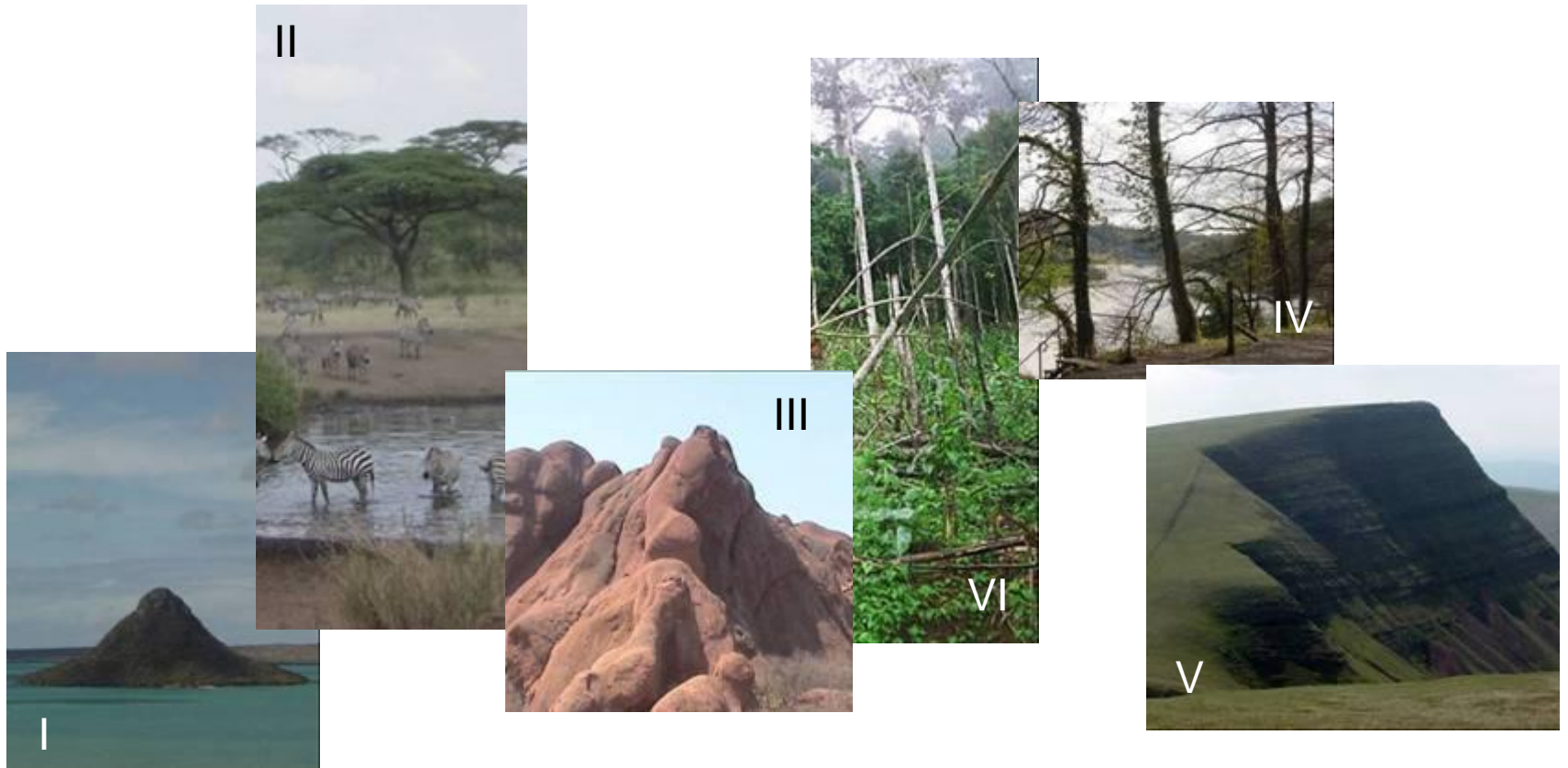
Management objective	Ia	Ib	II	III	IV	V	VI
Scientific research	1	3	2	2	2	2	3
Wilderness protection	2	1	2	3	3	-	2
Preservation of species and genetic diversity	1	2	1	1	1	2	1
Protection of specific natural / cultural features	-	-	2	1	3	1	3
Tourism and recreation	-	2	1	1	3	1	3
Education	-	-	2	2	2	2	3
Sustainable use of resources from natural ecosystems	-	3	3	-	2	2	1
Maintenance of cultural / traditional attributes	-	-	-	-	-	1	2
Key:	1 Primary objective						
	2 Secondary objective						
	3 Potentially applicable objective						
	- Not applicable						

A scenic landscape photograph showing a dense forest of evergreen trees in the foreground, with a green hillside on the left. In the background, a range of mountains with snow-capped peaks is visible under a clear blue sky. The text "Management categories" is overlaid in the upper right corner.

Management categories



- Strict nature reserve** mainly for science or wilderness protection Ia
- Wilderness area** mainly for wilderness protection Ib
- National park** mainly for ecosystem protection and recreation II
- Natural monument** mainly for conservation of specific natural features III
- Habitat / species management area** mainly for conservation of species and habitat IV
- Protected landscape / seascape** mainly for landscape/seascape conservation or recreation V
- Managed resource protected area** mainly for the sustainable use of natural resources VI



← Increasing naturalness in protected areas does not run neatly from category I-VI

Category Ia



Category II



Category IV

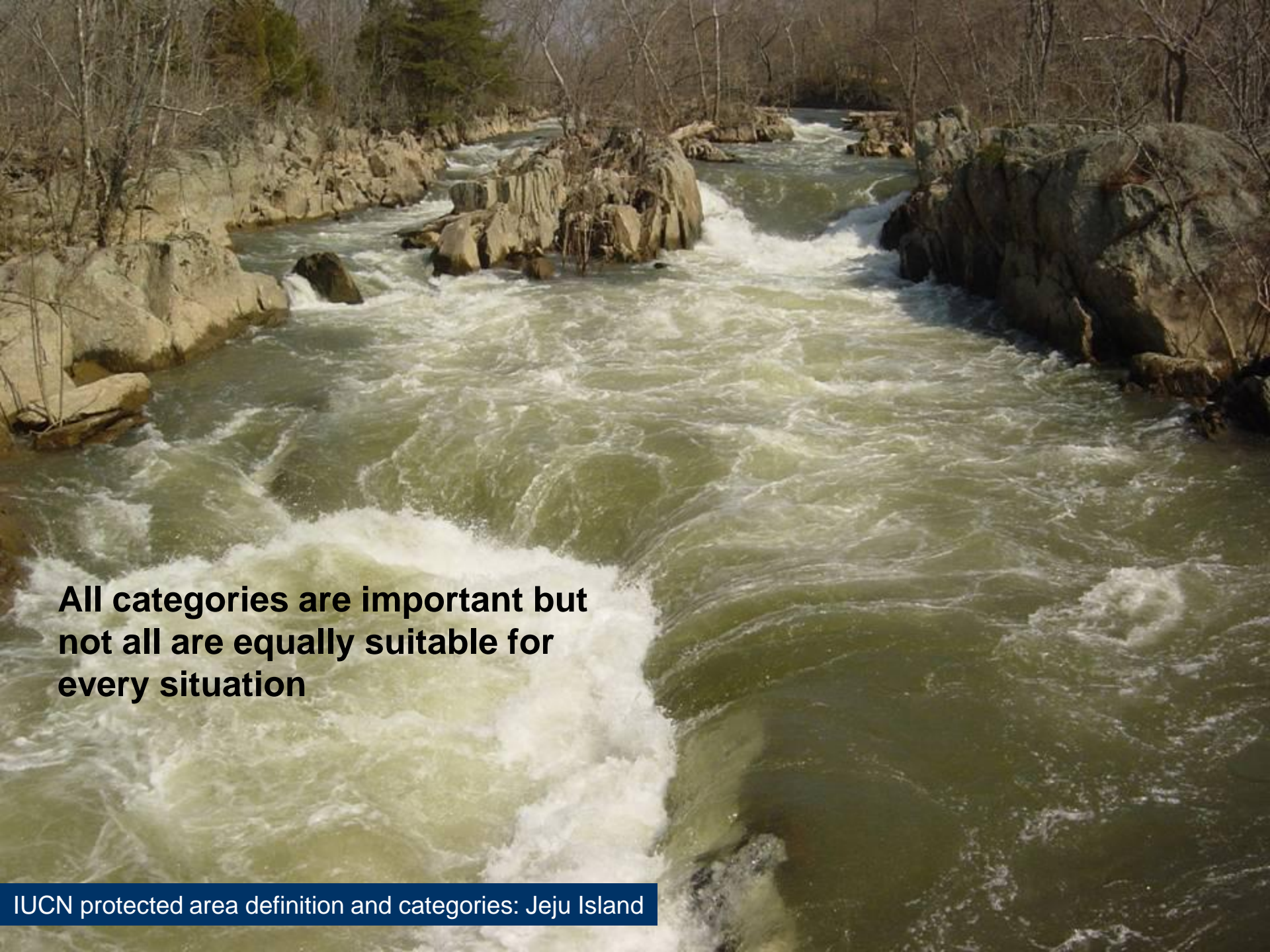


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Category V



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**All categories are important but
not all are equally suitable for
every situation**

Governance types

Why governance is important... Expanding governance types of protected areas allows more land and water to be protected, gives other stakeholders a louder voice in decisions and can increase the stability of the system



Governance types: IUCN recognises that protected areas can have both a range of management objectives and governance types

- A. the government (and its agencies at various levels)
- B. various parties (co-management), with interactions ranging from consultation to sharing of decision-making power
- C. owners of the concerned land and natural resources (private individuals, charitable trusts, corporate actors...)
- D. indigenous peoples and local communities





Company reserves

Integrating biological reserves
owned and managed by commercial
companies into the global protected
areas network – a review of options



A white paper for WWF

Sue Stolton and Nigel Dudley

August 2007

Drawing on a
paper produced
for WWF in 2007

Company reserves exist all over the world but are not generally recognised by the WDPA or the United Nations

Reserve	Status on WDPA
Veracel Celulose owns and manages Veracel Station in the Atlantic rainforest of Brazil, one of the region's largest private natural heritage reserves, protecting over 6,000 hectares of Atlantic rainforest	Not on WDPA
The Santuario de la Naturaleza Laguna Conchalí, in Chile is owned by the copper mining company Minera Los Pelambres	Ramsar site so listed on the WDPA but with little information
Haller Park (formerly Bamburi Nature Trail) is located South of the Bamburi cement plant along the Mombasa /Malindi highway.	Not on WDPA, possibly not a PA
Taita Hills Sanctuary is a privately owned game ranch operated by the Hilton Hotels International	Minimal information on the WDPA



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Some key issues

1. Mechanisms for encouraging company reserves
2. Integrating company protected areas into national protected area networks
3. Recording on the World Database on Protected Areas and the UN List of Protected Areas
4. Assignment of IUCN protected area management categories
5. Providing guarantees of permanence





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Biodiversity & Ecosystem Services Safeguards in Performance Standards for Business

Proteus Annual Meeting, London, 14th June 2012

Chloë Strevens



Outline

1. UNEP-WCMC's work on BES safeguards in performance standards
2. Environmental performance standards for the extractives sector
3. The road to more effective BES safeguards

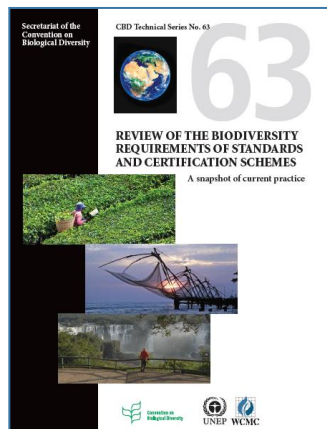
What is a Performance Standard?

“a set of requirements with which a business is required to comply, and against which it can be audited”

UNEP-WCMC's Work on BES Safeguards in Performance Standards

Biodiversity

- 36 Standards
- 8 sectors
- Published 2011



Ecosystem Services

- Survey
- Review of Policy
- COP 11

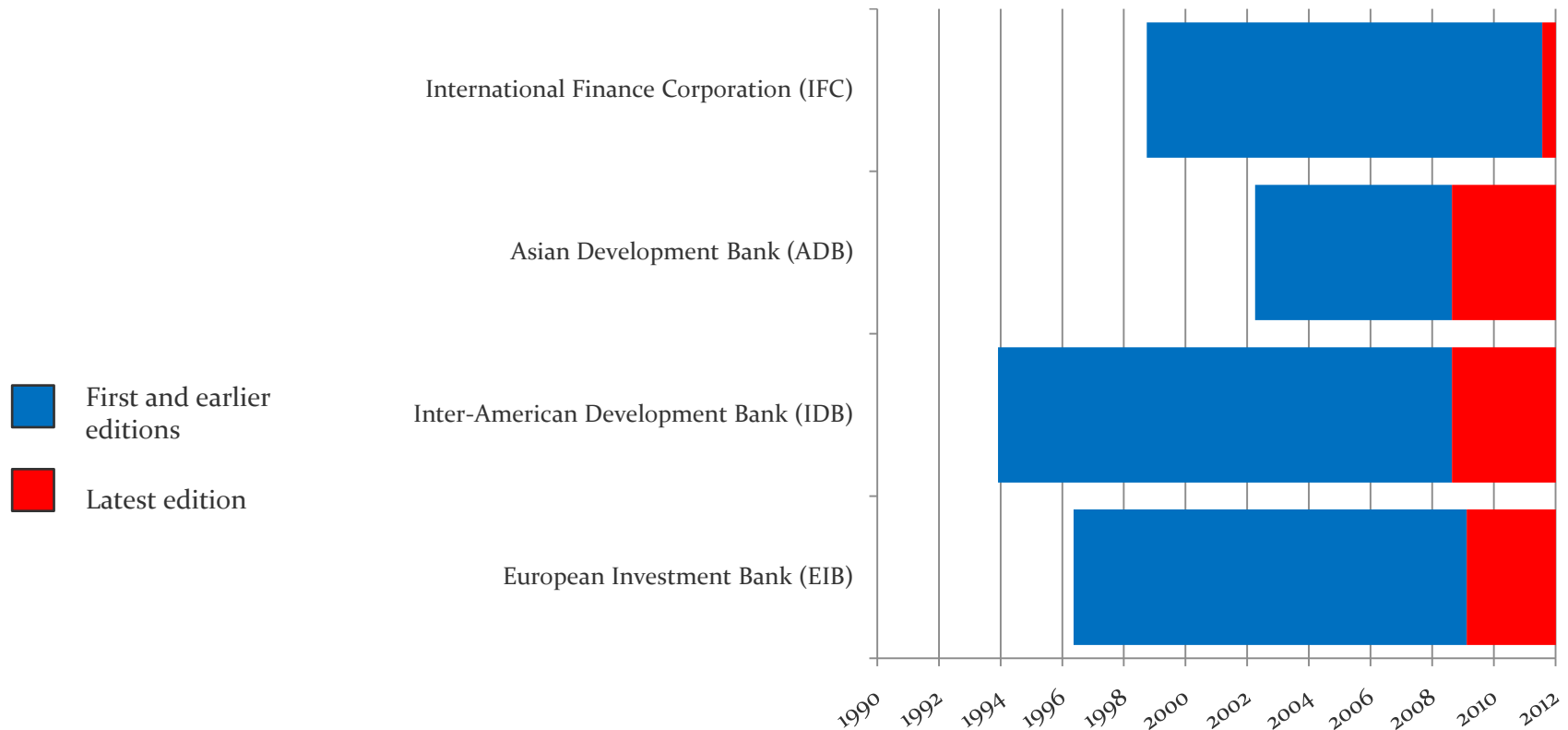


XIth Conference of Parties
CONVENTION ON BIOLOGICAL DIVERSITY
HYDERABAD INDIA 2012

Performance Standards for the Extractive Industry

1. International Finance Corporation  International Finance Corporation
World Bank Group
2. European Investment Bank  European Investment Bank
3. Inter-American Development Bank  IDB
4. Asian Development Bank  Asian Development Bank
FIGHTING POVERTY IN ASIA AND THE PACIFIC

Timeline of Performance Standard Development



Assessment of Biodiversity Safeguards

Biodiversity

- Species
- Habitats/Ecosystems

Areas of Biodiversity Protection

- Protected Areas
- Priority Conservation Areas

Threats to biodiversity

- Habitat Loss
- Invasive Species
- Overexploitation

Responses to threats

- Habitat Restoration
- Mitigation Hierarchy
 - No Net Loss
- Net Positive Impact

Category	IFC	EIB	IDB	ADB
Species	<ul style="list-style-type: none"> •IUCN RedList categories •Endemic/Range restricted •Migratory •Congregatory 	<ul style="list-style-type: none"> •IUCN RedList categories •Endemic/Range restricted •Species under Bern and Bonn Conventions (migratory) 	<ul style="list-style-type: none"> •IUCN RedList categories •Native •Endemic •Migratory 	<ul style="list-style-type: none"> •IUCN RedList categories •Endemic/Range restricted •Migratory •Congregatory
Habitat	<ul style="list-style-type: none"> •Modified •Natural •Critical 	<ul style="list-style-type: none"> •Critical habitat 	<ul style="list-style-type: none"> •Critical habitat 	<ul style="list-style-type: none"> •Natural habitat •Modified habitat •Critical habitat
Protected Areas	<ul style="list-style-type: none"> •IUCN protected areas •World Heritage Sites •Man and Biosphere Reserves •Ramsar sites •Key Biodiversity Areas 	<ul style="list-style-type: none"> •Natura 2000 •National protected areas •World Heritage Sites •Ramsar sites •Sites under Bern and Bonn conventions 	<ul style="list-style-type: none"> •IUCN protected areas •World Heritage Sites •Ramsar sites •World biosphere reserves •UN list of national parks and protected areas 	<ul style="list-style-type: none"> •Legally protected areas •IUCN protected areas •Ramsar sites •World Heritage Sites
Biodiversity threats and Reponses	<ul style="list-style-type: none"> •Habitat degradation and conversion policy •Emissions •Sustainable management natural resources •Invasive species policy •Mitigation hierarchy 	<ul style="list-style-type: none"> •Sustainable land use policy •Emissions •Invasive species policy •Mitigation hierarchy 	<ul style="list-style-type: none"> •Habitat degradation and conversion policy •Emissions •Sustainable management natural resources •Invasive species policy •Mitigation hierarchy 	<ul style="list-style-type: none"> •Habitat degradation and conversion policy •Emissions •Sustainable management natural resources •Invasive species policy •Mitigation hierarchy

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Habitat	<ul style="list-style-type: none"> •Modified •Natural •Critical 	<ul style="list-style-type: none"> •Critical habitat 	<ul style="list-style-type: none"> •Critical habitat 	<ul style="list-style-type: none"> •Natural habitat •Modified habitat •Critical habitat
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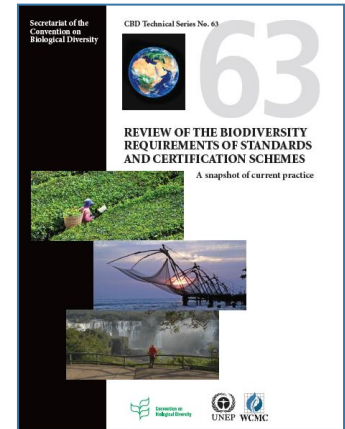
Some questions on BES safeguards

- Where there is common terminology, are the definitions the same?
 - e.g. 'Critical' habitat
- Where there are differences in coverage, can there be lessons shared?
 - e.g. Protected areas (Key Biodiversity Areas)
- How permissive are the safeguards?
 - e.g. 'Must not...'; 'Must not....unless...'; 'Avoid...'; 'Consider...'

Category	IFC	EIB	IDB	ADB
IUCN RedList Species – priority categories	<ul style="list-style-type: none"> •Critically endangered •Endangered species 	<ul style="list-style-type: none"> •Critically endangered •Endangered •Vulnerable 	<ul style="list-style-type: none"> •Critically endangered •Endangered •Vulnerable •Near threatened 	<ul style="list-style-type: none"> •Critically endangered •Endangered
Critical Habitat - definition	<ul style="list-style-type: none"> •Priority species •Threatened ecosystems •Unique ecosystems •Key evolutionary processes 	<ul style="list-style-type: none"> •Priority species •Valuable biodiversity for local community •Ecosystem function 	<ul style="list-style-type: none"> •Protected areas •Unprotected areas of known high conservation value 	<ul style="list-style-type: none"> •Priority species •Unique assemblages •Key evolutionary processes •Key ecosystem services •Valuable biodiversity for local community
Mitigation Hierarchy and No Net Loss	<ul style="list-style-type: none"> •<i>“For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets, which may be considered only after appropriate avoidance, minimization, and restoration measures have been applied”</i> •<i>“The design of a biodiversity offset must adhere to the “like-for-like or better” principle”</i> •No net loss in natural habitat •Net gain in critical habitat 	<ul style="list-style-type: none"> •<i>“take appropriate measures to avoid, minimize or rehabilitate/mitigate impacts that may damage biological diversity. Where residual adverse impacts on biodiversity remain, the promoter may propose biodiversity offsets”</i> •Goal of an offset is to “achieve no net loss, or preferably a net gain, of biodiversity.” 	<ul style="list-style-type: none"> •<i>“avoid negative environmental impacts; when impacts are unavoidable, Bank-financed operations require mitigation measures; and for impacts that cannot be fully mitigated, compensation or offsets should be implemented.”</i> •No ‘no net loss’ policy 	<ul style="list-style-type: none"> •<i>“avoid, minimize, or mitigate potentially adverse impacts and risks and, as a last resort, propose compensatory measures, such as biodiversity offsets, to achieve no net loss or a net gain of the affected biodiversity”</i>
Ecosystem Services	Identify and avoid adverse impacts on priority ecosystem services	Provision of goods and services included in critical habitat	Enhancing the value of environmental goods and services included the purpose of the standard	Key ecosystem services included in critical habitat

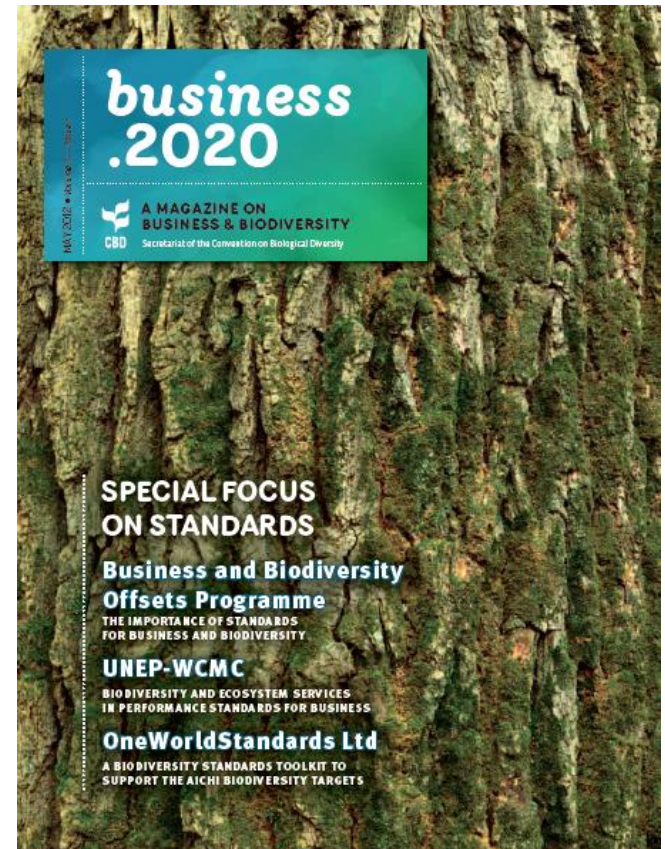
Recommendations to Strengthen Biodiversity Safeguards

1. Adopt internationally recognised definitions
2. Avoid the displacement/ leakage of threats
3. Include modified habitats
4. Provide guidance on operations inside and outside protected areas
5. Include specific reference to internationally recognised protected areas
6. Recognise Indigenous and Community Conserved Areas
7. Safeguard priority conservation areas
8. Work towards adopting the mitigation hierarchy
9. Apply checklist of biodiversity threats



Best Practice Guidance for Stronger BES safeguards

- Information paper for COP11
- Multilateral Development Bank (MDB) working group



Strengthening BES Safeguards: Beyond Policy Stipulations

- Developing supporting materials
 - A-Z of Areas of Biodiversity Importance
 - Compendium of biodiversity terms and definitions
 - Mapping Tools for high level impact assessment
- Implementing BES best practice
- Evaluating the performance of BES safeguards



Ocean Data Viewer[®]



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