

Industry impacts on Biodiversity – a view from IUCN

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What is IUCN?

IUCN, International Union for Conservation of Nature, helps the world find pragmatic solutions to our most pressing environment and development challenges.

IUCN works on biodiversity, climate change, human livelihoods and greening the world economy by supporting scientific research, managing field projects all over the world, and bringing governments, NGOs, the UN and companies together to develop policy, laws and best practice.

IUCN is the world's oldest and largest global environmental organization, with more than 1,200 government and NGO members and almost 11,000 volunteer experts in some 160 countries. IUCN's work is supported by over 1,000 staff in 45 offices and hundreds of partners in public, NGO and private sectors around the world.

The Regional Office for Europe, based in Gland, Switzerland oversees the operations of the Union in Europe, including the management of: the IUCN Representative Office for the European Union in Brussels; the Programme Office for South Eastern Europe in Belgrade; and the Caucasus Cooperation Centre in Tbilisi.

Working with business

The programme for IUCN in Europe includes engagement with the private sector as one of its main areas of priority. IUCN works with business and industry in a number of ways, but always with the aim to encourage transformational and demonstrable changes at the company and sector level in how biodiversity is valued and managed by businesses in order to conserve and restore biodiversity and to ensure that biodiversity benefits are shared equitably.

To this effect, a Business Engagement Strategy has been adopted by the IUCN Council, in order to provide IUCN with a coherent framework for influencing the business sector, a clear reference point as to the level of ambition expected from the business engagements, and a consistent approach to the management of reputational risks and quality assurance.

One of the big issues for companies and development projects is the impact a particular intervention has on the surrounding natural resources, both the flora and the fauna. IUCN looks at this from a larger, landscape perspective, and therefore also considers the impact on the functioning of the natural system, and the impacts a development has on the health of the ecosystem, and whether it affects the goods and services provided by nature.

Dealing with biodiversity impacts

The issues are complex, and not as straightforward as determining the climate change impact of a certain action and calculating the amount of carbon that causes the impact. Impacts on nature are interlinked, include several levels, deal with intrinsic values as well as socio-economic aspects, and are often very difficult to quantify.

It is important to integrate biodiversity considerations from the pre-planning and feasibility stage of a project, in all steps of the life cycle of the development. Biodiversity should be considered as a risk

and eventually an opportunity to be dealt with through a risk assessment approach, rather than a corporate social responsibility aspect.

Most projects will have an impact on the landscape, and a mitigation hierarchy is generally followed to deal with these risks.

- At the planning or pre-planning stage, every effort must be made to avoid creating significant impact on nature. Careful spatial planning, re-orienting placement of infrastructure, identification of alternative options is critical to avoid as much as possible.
- Measures should be taken throughout the process of development to minimise the duration, the intensity and the extent of impacts on nature that cannot be avoided.
- If certain changes have had to be made during the life of a project that could not be avoided or minimised, every attempt should be made at the end of the process to rehabilitate degraded natural systems and to restore cleared sites.
- Only as a last resort should measures be taken to compensate for residual significant adverse impacts that cannot be avoided, minimised or rehabilitated.

This mitigation hierarchy should always be kept in mind, and looking for ways and means to offset the residual impact on nature should only be considered if the other interventions have failed.

Biodiversity offsets

According to the Business and Biodiversity Offset Programme (BBOP), biodiversity offsets are “measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development after appropriate prevention and mitigation measures have been taken”.

Biodiversity offsets will help a company to achieve no net loss and preferably a net gain of biodiversity on the ground, and they can take the form of positive management interventions such as restoration of degraded habitat. It could include arrested degradation action or field activities for averted risk. Sometimes it covers protection of areas where there is an imminent or projected loss of biodiversity. For limestone landscapes, the most serious biodiversity impact may involve small and little known invertebrates and protection of similar sites with the same fauna is an important positive management action.

But - there are some very important questions with regards to the concept of biodiversity offsets, and IUCN does not yet have an approved policy on this. One of the fundamental questions relates to the challenge of irreplaceable landscapes, ecosystems or species. There are values of nature that can simply not be recreated, and there are impacts that are too severe to be accepted. For example, if a proposed development would wipe out the last living population of a charismatic species, it will most likely not be carried through. If planned creation of infrastructure would destroy a site that has highly significant cultural and religious importance for the local population it will most likely be moved elsewhere.

The other critical question relates to the concept of “Like for Like”, assuming that you can replace an area of land with its natural values somewhere else with an area of the same value. Can we be certain that we are not comparing apples with oranges? Who determines what the actual value is of the biodiversity on the piece of land that is affected, and how to calculate the replacement value?

And, where do we look for replacement land? Within a range of 1 to 10 kilometres or do we go as far as 500 kilometres? Within the same province or can it be within the same country?

We should also be realistic, and there will be impacts on biodiversity that are not significant enough to deal with, and that can be ignored. This may be particularly relevant for Small and Medium Enterprises. The real challenge is to determine what the threshold is and to agree on who makes the decision whether an impact is serious enough to be addressed.

Why should business consider biodiversity?

There is a definite business case, which is illustrated by the fact that several companies have developed biodiversity management systems or action plans, and many of these companies work in your field of operations - extractive industry. Business need access to land, sea & natural resources, either directly or through their supply chains, and caring for nature also provides access to capital and may reduce operational risks.

The International Finance Corporation of the World Bank Group requires in its sixth Performance Standard "No net loss" for projects that are planned in "natural habitat" and "Net positive gains" for those proposed in "critical habitat". This standard came into force in January 2012, and is a condition for project finance from the IFC and over seventy other banks that have adopted the so-called "Equator Principles".

In addition to these financial incentives, several recent political decisions have been made that encourage, or instruct companies to aim for "no net biodiversity loss". To name a few:

- The 20 so-called Aichi targets are 2010 commitments of all countries that have ratified the Convention on Biological Diversity. Aichi Target 5 says that "By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced."
- The European Union's Biodiversity Strategy to 2020 aims at "Halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them in so far as feasible, while stepping up the EU contribution to averting global biodiversity loss." This commitment covers all 27 EU Member States and has impact on projects funded through European Commission Official Development Assistance. The European Commission has recently created a working group on No Net Loss under its implementation framework for the Biodiversity Strategy, and IUCN is part of this working group.

Environmental Impact Assessments

You may ask: can a traditional Environmental Impact Assessment (EIA) not deal with biodiversity? EIAs are rarely planned to achieve 'no net loss', and typically only require avoidance and/or minimisation of some impacts of the proposed development. They usually do not address residual impacts, and do not address all components of biodiversity affected, as they are generally very site specific, without proper landscape scale. EIAs also often fail to address indirect and cumulative impacts. However, biodiversity can be integrated with the EIA process to deliver "no net biodiversity loss"!

One key question that is often posed is: "How much does it cost to protect nature?" A recent estimate from DG Environment in Brussels suggests 5.8 billion Euro per year for Europe, but maybe

we are asking the wrong question, and we should ask how much we lose by not protecting nature. The Economics of Ecosystem and Biodiversity (TEEB) study that was launched in 2010 tried to put a figure on the economic value of the services from nature that are being lost, and came to a staggering figure of 1.35 to 3.7 trillion Euro per year. And with nature, the sting is in the tail – full regeneration of a destroyed forest may take up to 100 years, so the impact of what we are losing today may not be apparent for another generation.

Conclusion

There are still many questions to be answered, but one thing is sure: looking after nature and the goods and services it provides is a good business practice, prepares companies for future regulations and directives and may in the long run save money.

I know that a number of large companies in the mining and extractive sector are aware of the value of nature and the services it provides, but there may be others that still need to be convinced. IUCN is currently in negotiation with both CEMBUREAU and UEPG to try and agree on a joint programme of work. The lack of manpower in our offices to coordinate such an initiative is one of the bottlenecks, but I hope we can resolve this in the near future. It would be good to work more closely together in this important area of work.

I hope I have given you some food for thought.

Thank you

Hans Friederich