

Performance Standard 6 – V2

Biodiversity Conservation and Sustainable Management of Living Natural Resources

—April 30, 2009 December 1, 2010

Introduction

1. Performance Standard 6 recognizes that protecting and conserving biodiversity—~~the variety of life in all its forms, including genetic, species and~~, maintaining ecosystem diversity—and its ability to change and evolve, is services, and sustainably managing living natural resources are fundamental to sustainable development. ~~The components of biodiversity, as defined in This Performance Standard has been guided by~~ the Convention on Biological Diversity, include which defines biodiversity as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and habitats, the ecological complexes of which they are a part; this includes diversity within species, between species and communities, and genes and genomes, all, and of ecosystems.”

2. Ecosystem services are the benefits that people, including businesses, derive from ecosystems. Ecosystem services are organized into four types of which have social, economic, services: (i) provisioning services, which are the products people obtain from ecosystems; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes; (iii) cultural and scientific importance. This Performance Standard reflects the objectives of the Convention services, which are the nonmaterial benefits people obtain from ecosystems; and (iv) supporting services, which are the natural processes that maintain the other services.¹

4.3. IFC recognizes that the human-valued services provided by ecosystems are often underpinned by biodiversity, and that impacts on ~~Biological Diversity to conserve biological diversity and promote use~~ biodiversity can often adversely impact on the delivery of renewable natural resources in a sustainable manner. ecosystem services. This Performance Standard addresses how clients can ~~avoid or mitigate threats to biodiversity arising from their operations as well as impacts on and~~ sustainably manage renewable natural resources, biodiversity and ecosystem services throughout the project’s lifecycle.

Objectives

- To protect and conserve biodiversity
- To maintain the benefits arising from ecosystem services
- To promote the sustainable management ~~and use of~~ living natural resources through the adoption of practices that integrate conservation needs and development priorities

Scope of Application

2.4. The applicability of this Performance Standard is established during the ~~Social~~ social and ~~Environmental Assessment~~ environmental risks and impacts identification process, while the implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client’s ~~Social~~ social and ~~Environmental Management System.~~ The

¹ Examples are as follows: (i) provisioning services may include food, freshwater, shelter, timber; (ii) regulating services may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services may include natural areas that are sacred sites and areas of importance for recreation and aesthetic enjoyment; and (iv) supporting services may include soil formation, nutrient cycling, primary production.

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~~assessment and~~ environmental management system. These requirements are outlined in Performance Standard 1.

~~3.5.~~ Based on the ~~Assessment of~~ risks and impacts ~~and the vulnerability of the biodiversity and the natural resources present~~ identification process, the requirements of this Performance Standard are applied to projects ~~in all~~ (i) located in modified, natural, and critical habitats, ~~whether;~~ (ii) that potentially impact on or ~~not those habitats have been previously disturbed and whether~~ are dependent on ecosystem services over which the client has direct management control or ~~not they are legally protected~~ significant influence;² or (iii) that include the production of living natural resources (e.g., agriculture, animal husbandry, fisheries, forestry).

Requirements

General

6. The risks and impacts identification process should consider direct and indirect project-related impacts on biodiversity and ecosystem services and identify any significant residual impacts. This process will consider relevant threats to biodiversity and ecosystem services, especially focusing on habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, and pollution. It will also take into account the differing values attached to biodiversity and ecosystem services by Affected Communities. For biodiversity, where appropriate, this process will also take into account values by other stakeholders. Where paragraphs 13–20 are applicable, clients should consider project-related impacts across the potentially affected landscape³ or seascape.

7. Given the complexity in predicting project impacts on biodiversity and ecosystem services over the long term, the client should implement mitigation and monitoring measures through adaptive management. When avoidance of impacts is not possible, measures to minimize impacts and restore biodiversity and ecosystem services should be defined. For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets.

8. Where paragraphs 13–20 are applicable, the client will retain competent experts to assist in conducting the risks and impacts identification process. Where paragraphs 16–19 are applicable, the client should retain competent experts with appropriate regional experience to assist in the development of a mitigation strategy that complies with this Performance Standard and to verify the implementation of those measures.

Protection and Conservation of Biodiversity

~~4. In order to avoid or minimize adverse impacts to biodiversity in the project's area of influence (see Performance Standard 1, paragraph 5), the client will assess the significance of project impacts on all levels of biodiversity as an integral part of the Social and Environmental Assessment process. The Assessment will take into account the differing values attached to biodiversity by specific stakeholders, as well as identify impacts on ecosystem services. The Assessment will focus on the major threats to biodiversity,~~

² This considers the nature and scale of their commercial relationships, and in consideration of the extent of direct management control and/or influence the client has over these areas.

³ Includes freshwater aquatic systems that occur within the landscape.

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~~which include habitat destruction and invasive alien species. When requirements of paragraphs 9, 10, or 11 apply, the client will retain qualified and experienced external experts to assist in conducting the Assessment.~~

Habitat

~~5. Habitat destruction is recognized as the major threat to the maintenance of biodiversity. Habitats can be divided into natural habitats (which are land and water areas where the biological communities are formed largely by native plant and animal species, and where human activity has not essentially modified the area's primary ecological functions) and modified habitats (where there has been apparent alteration of the natural habitat, often with the introduction of alien species of plants and animals, such as agricultural areas). Both types of habitat can support important biodiversity at all levels, including endemic or threatened species.~~

General

9. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or an airway passage that supports assemblages of living organisms and their interactions with the non-living environment. For the purposes of implementation of this Performance Standard, habitats are divided into modified, natural, and critical. Critical habitats may be a subset of both modified and natural habitats that deserve particular attention.

10. For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets.⁴ A biodiversity offset should be designed and implemented to achieve measurable conservation outcomes that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity; a net gain is required in critical habitats. The design of a biodiversity offset must adhere to the "like-for-like or better" principle⁵ and must be carried out in alignment with best available information and current practices. When a client is considering the development of an offset as part of the mitigation strategy, competent experts with knowledge in offset design and implementation should be involved.

Modified Habitat

~~6. In areas of modified habitat, the client will exercise care to minimize any conversion or degradation of such habitat, and will, depending on the nature and scale of the project, identify opportunities to enhance habitat and protect and conserve biodiversity as part of their operations.~~

11. Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area's primary

⁴ Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken.

⁵ The principle of "like-for-like or better" indicates that biodiversity offsets must be designed to conserve the same biodiversity values that are being impacted by the project (an "in-kind" offset). In certain situations, however, the biodiversity to be impacted by the project may be neither a national nor a local priority, and there may be other areas of biodiversity that are a higher priority for conservation and sustainable use and under imminent threat or need of protection or effective management. In these situations, it may be appropriate to consider an "out-of-kind" offset that involves "trading up" (i.e., where the offset targets biodiversity of higher priority than that affected by the project).

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ecological functions and species compositions.⁶ Modified habitats may include areas managed for agriculture, forest plantations, reclaimed⁷ coastal zones, and reclaimed wetlands.

12. This Performance Standard will apply in areas of modified habitat that include biodiversity of significance to conservation as identified as part of the risks and impacts identification process described in Performance Standard 1. In these cases, the client should minimize impacts on such biodiversity and implement mitigation measures as appropriate.

Natural Habitat

13. ~~In~~ Natural habitats are areas composed of ~~natural habitat, the~~ viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species compositions.

~~7.14.~~ The client will not significantly convert or degrade⁸ ~~such habitat~~ natural habitats, unless the following ~~conditions are met~~ can be demonstrated:

~~There are no technically and financially feasible~~ No other viable alternatives

- The overall benefits within the region exist for development of the project outweigh the costs on modified habitat;
- Stakeholder consultation has established the views of stakeholders, including ~~these~~ Affected Communities, with respect to the ~~environment~~ extent of conversion and degradation⁹
- Adequate conservation measures will be implemented within the project site, which may include the identification and ~~biodiversity~~ protection of set-asides;¹⁰ and
- Any conversion or degradation is ~~appropriately~~ mitigated according to the mitigation hierarchy.

~~8.15.~~ Mitigation In the areas of natural habitat, mitigation measures will be designed to achieve no net loss of biodiversity where feasible, and may include a combination of actions, such as:

- Post ~~Habitat restoration during operations and post~~-operation restoration of habitats
- Offset ~~Implementation of losses through the creation of ecologically comparable area(s) that is managed for~~ biodiversity¹⁴ offsets
~~Compensation to direct users of biodiversity~~

⁶ This excludes habitat that has been converted in anticipation of the project.

⁷ Reclamation is the process of creating new land from sea or other aquatic areas for productive use.

⁸ Significant conversion or degradation is: (i) the elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (ii) a modification ~~of a habitat~~ that substantially ~~reduces~~ minimizes the habitat's ability to maintain viable ~~population~~ populations of its native species.

⁹ Conducted as part of the stakeholder engagement and consultation process, as described in Performance Standard 1.

¹⁰ Set-asides are land areas within the project site, or areas over which the client has management control, that are excluded from development and are targeted for the implementation of conservation enhancement measures. Set-asides will likely contain biodiversity attributes and/or provide ecosystem services of significance at the local, national and/or regional level. Set-asides should consist of areas of High Conservation Value (HCV) as identified using internationally recognized guidelines.

¹⁴ ~~Clients will respect the ongoing usage of such biodiversity by Indigenous Peoples or traditional communities.~~

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- Investment in a relevant and credible offset banking scheme
- Measures to minimize habitat fragmentation, such as biological corridors

Critical Habitat

~~9.16.~~ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes habitats are areas with high biodiversity value⁴², including (i) habitat required for the survival of critically endangered significant importance to Critically Endangered and/or endangered Endangered¹³ species;⁴⁴ areas having special significance for (ii) habitat of significant importance to endemic and/or restricted-range species; sites that are critical for the survival of migratory species; areas supporting (iii) habitat of significant importance to globally significant concentrations of migratory species and/or numbers of individuals of congregatory species; areas with (iv) regionally significant and/or highly threatened or unique assemblages of species or ecosystems; and/or (v) areas which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities.

~~10.17.~~ In areas of critical habitat, the client will not implement any project activities unless the following requirements are met it could be demonstrated that there will be net positive gains of those biodiversity values for which the critical habitat was designated.¹⁵ The client must demonstrate the following through their mitigation strategy:

- ~~There are no~~ The project does not lead to measurable adverse impacts on the ability of the those biodiversity values for which the critical habitat to support the established population of species described in paragraph 9 or the functions of the critical habitat described in paragraph 9 was designated, and on the ecological processes supporting those biodiversity values;
- ~~There is no~~ The project does not lead to a net reduction in the global and/or national/regional population¹⁶ of any recognized critically endangered Critically Endangered or endangered Endangered species¹⁷ over a reasonable period of time;¹⁸ and,

⁴² ~~Such as areas that meet the criteria of the World Conservation Union (IUCN) classification.~~

¹³ As listed on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species. The determination of critical habitat based on other listings is as follows: (i) If the species is listed nationally / regionally as critically endangered or endangered, in countries that have adhered to IUCN guidance, the critical habitat determination will be made on a project by project basis in consultation with recognized experts; and (ii) in instances where nationally or regionally listed species' categorizations do not correspond well to those of the IUCN (e.g., some countries more generally list species as "protected" or "restricted"), an assessment will be conducted to determine the rationale and purpose of the listing. In this case, the critical habitat determination will be based on such an assessment.

⁴⁴ ~~As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.~~

¹⁵ Net positive gains may be achieved through the development of a biodiversity offset and/or, in instances where the client could meet the requirements of paragraph 17 without a biodiversity offset, the client should achieve net positive gains through the implementation of additional programs to enhance habitat and protect and conserve biodiversity. Net positive gains in biodiversity values must be demonstrated on an appropriate geographic scale (e.g., local, landscape-level, national, regional) as determined by competent experts.

¹⁶ Net reduction is a singular or cumulative loss of individuals that impacts on the species' ability to persist at the global and/or regional/national scales for many generations or over a long period of time. The scale (i.e., global and/or regional/national) of the potential net reduction is determined based on the species' listing on either the (global) IUCN Red List and/or on regional/national lists. For species listed on both the (global) IUCN Red List and the national/regional lists, the net reduction will be based on the national/regional population.

⁴⁷ ~~As defined by the IUCN Red List of Threatened Species or as defined in any national legislation.~~

¹⁸ The timeframe in which client's must demonstrate "no net reduction" of Critically Endangered and Endangered species will be determined on a case-by-case basis in consultation with competent experts.

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~~Any lesser impacts are mitigated in accordance with paragraph 8~~

- A robust, appropriately designed, and long-term biodiversity monitoring program is integrated into the client's management program.

18. The client's mitigation strategy will be described in a Biodiversity Action Plan.

19. Whenever biodiversity offsets are proposed as part of the mitigation strategy, the client must demonstrate through an assessment that the project's significant residual impacts on biodiversity could be adequately mitigated to meet the requirements of paragraph 17.

Legally ~~protected~~ Protected and Internationally Recognized Areas

~~11.20.~~ In circumstances where a proposed project is located within a legally protected area¹⁹ or an internationally recognized area,²⁰ the client, ~~in addition to the applicable requirements of paragraph 10 above,~~ will meet the following requirements:

- Demonstrate that the proposed development in such areas is legally permitted:
- Act in a manner consistent with ~~defined protected area~~ any government recognized management plans for such areas:
- Consult protected area sponsors and managers, ~~local communities,~~ Affected Communities, Indigenous Peoples and other ~~key~~ stakeholders on the proposed project, as appropriate; and
- Implement additional programs, as appropriate, to promote and enhance the conservation aims and effective management of the ~~protected area~~.²¹

Invasive Alien Species

~~12.21.~~ Intentional or accidental introduction of alien, or non-native, species of flora and fauna into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and out-competing native species.

~~13.22.~~ The client will not intentionally introduce any new alien species (not currently established in the country or region of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction. ~~Notwithstanding the above, the client will not deliberately introduce any alien species with a high risk of invasive behavior regardless if such introductions are permitted under the existing regulatory framework is present, or is. All introductions of alien species will be~~ subject to a risk assessment (as part of the client's ~~Social~~ social and ~~Environmental Assessment~~ environmental risks and impacts identification process) to determine the potential for invasive behavior. ~~The client will not deliberately introduce any alien species with a high risk of invasive behavior or any known invasive species, and will exercise diligence~~ implement

¹⁹ This Performance Standard recognizes legally protected areas that meet the IUCN definition: "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." For the purposes of this Performance Standard, this includes areas proposed by governments for such designation.

²⁰ ~~An area may be designated as legally protected for different purposes. This Performance Standard refers to areas legally designated for the protection or conservation of biodiversity, including areas proposed by governments for such designation.~~ Exclusively defined as UNESCO Natural World Heritage Sites, UNESCO Man and the Biosphere Reserves, Key Biodiversity Areas, and wetlands designated under the Convention on Wetlands of International Importance (the Ramsar Convention).

²¹ Implementing additional programs may not be necessary for projects that do not create a new footprint.

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measures to ~~prevent~~ avoid the potential for accidental or unintended introductions— including the transportation of substrates and vectors (such as soil, ballast, and plant materials) that may harbor alien species.

23. Where alien species are already established in the country or region of the proposed project, the client will exercise diligence in not spreading them into areas in which they have not already been established. As practicable, the client should take measures to eradicate such species from the natural habitats over which they have management control.

Management of Ecosystem Services

24. Where a project is likely to adversely impact ecosystem services, as determined by the risks and ~~Use of Renewable~~ impacts identification process, the client will conduct a systematic review to identify priority ecosystem services. Priority ecosystem services are two-fold: (i) those services on which project operations are most likely to have an impact and, therefore, which result in consequent adverse impacts to Affected Communities; and/or (ii) those services on which the project is directly dependent for its operations (e.g., water). When Affected Communities are likely to be impacted, they should participate in the determination of priority ecosystem services in accordance with the stakeholder engagement process as defined in Performance Standard 1.

25. With respect to impacts on priority ecosystem services of relevance to Affected Communities and where the client has direct management control or significant influence, adverse impacts should be avoided. If these impacts are unavoidable, the client will minimize them and implement mitigation measures that aim to maintain the value and functionality of priority services. With respect to impacts on priority ecosystem services on which the project depends, clients should minimize impacts on ecosystem services and implement measures that increase resource efficiency of their operations, as described in Performance Standard 3. Additional provisions for ecosystem services are included in Performance Standards 4, 5, 7, and 8.²²

Sustainable Management of Living Natural Resources

~~14. The client will manage renewable natural resources in a sustainable manner.²³ Where possible, the client will demonstrate the sustainable management of the resources through an appropriate system of independent certification.²⁴~~

~~15. In particular, forests and aquatic systems are principal providers of natural resources, and need to be managed as specified below.~~

²² Ecosystem service references are located in Performance Standard 4, paragraph 8; Performance Standard 5, paragraph 25 and 26; Performance Standard 7, paragraph 20; and Performance Standard 8, paragraph 13.

²³ ~~Sustainable resource management is the management of the use, development and protection of resources in a way, or at a rate, which enables people and communities, including Indigenous Peoples, to provide for their present social, economic and cultural well-being while also sustaining the potential of those resources to meet the reasonably foreseeable needs of future generations and safeguarding the life-supporting capacity of air, water and soil ecosystems.~~

²⁴ ~~An appropriate certification system would be one which is independent, cost-effective, based on objective and measurable performance standards and developed through consultation with relevant stakeholders, such as local people and communities, indigenous peoples, civil society organizations representing consumer, producer, and conservation interests. Such a system has fair, transparent, independent decision-making procedures that avoid conflicts of interest.~~

Natural and Plantation Forests

~~16. Clients involved in natural forest harvesting or plantation development will not cause any conversion or degradation of critical habitat. Where feasible, the client will locate plantation projects on unforested land or land already converted (excluding land that is converted in anticipation of the project). In addition, the client will ensure that all natural forests and plantations over which they have management control are independently certified as meeting performance standards compatible with internationally accepted principles and criteria for sustainable forest management.²⁵ Where a pre-assessment determines that the operation does not yet meet the requirements of such an independent forest certification system, the client will develop and adhere to a time-bound, phased action plan for achieving such certification.~~

Freshwater and Marine Systems

~~17. Clients involved in the production and harvesting of fish populations or other aquatic species must demonstrate that their activities are being undertaken in a sustainable manner, through application of an internationally accepted system of independent certification, if available, or through appropriate studies carried out in conjunction with the Social and Environmental Assessment process.~~

²⁵ ~~See footnote 7.~~

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26. Clients who are engaged in the primary production of living natural resources, including natural and plantation forestry, agriculture, animal husbandry, aquaculture, and fisheries, will be subject to the requirements of the paragraphs 26 through 30, in addition to the rest of this Performance Standard. Clients who are engaged in such industries will manage living natural resources in a sustainable manner, through the application of industry-specific good management practices and available technologies. Where such primary production practices are codified in either a global, regional, or national recognized standards, the client will verify the application of such sustainable management practices through independent certification to one or more appropriate standards.

27. An appropriate global, regional, or national recognized standards for sustainable management of living natural resources are those which (i) are objective and achievable; (ii) are founded on a continuous consultative process with relevant stakeholders; (iii) encourage step-wise and continual improvements; and (iv) are verified through independent and accredited certifying bodies to such standards.²⁶

28. Where a relevant standard exists, but the client has not yet achieved certification, the client will conduct a pre-assessment of conformity to the applicable standard(s) and take corrective actions to achieve such certification.

29. In the absence of an appropriate and applicable global, regional, or national standard for the particular living natural resource in the country concerned, the client will:

- Commit to applying international industry operating principles and good management practices and available technologies;
- Actively engage and support the development of a national standard, where relevant, including studies that contribute to the definition and demonstration of sustainable practices; and
- Commit to achieving certification when an appropriate certification system is available for the living natural resource and country concerned.

30. Where primary production projects occur in modified and natural habitat, and where internationally recognized standards do not include the concept of HCV or in the absence of such standards, the client should also conduct an HCV assessment or similar in project areas over which the client has management control and influence in accordance with internationally recognized guidelines.²⁷

Supply Chain

31. When there is the potential for natural and/or critical habitats to be significantly adversely impacted by the client's primary suppliers,²⁸ the client should give preference to purchasing from suppliers that can demonstrate that they are not significantly adversely impacting these areas.

²⁶ An appropriate certification system would be one which is independent, cost-effective, based on objective and measurable performance standards and developed through consultation with relevant stakeholders, such as local people and communities, indigenous peoples, and civil society organizations representing consumer, producer and conservation interests. Such a system has fair, transparent and independent decision-making procedures that avoid conflicts of interest.

²⁷ Such as provided by the HCV Resource Network.

²⁸ Primary suppliers are those suppliers who are providing living natural resources, goods, and materials essential for the core business function.