



# A Guide to Biodiversity for the Private Sector

[www.ifc.org/BiodiversityGuide](http://www.ifc.org/BiodiversityGuide)

## Oil and Gas

### The Bottom Line

High oil prices and declining reserves in existing oil fields are driving oil and gas exploration further into remote areas of the world. This trend has significant implications for biodiversity, including the direct effects of land take and habitat conversion associated with oil and gas development. However, the most potentially dangerous risk of oil and gas activities in remote, high-biodiversity areas is the potential for induced impacts from increased access to previously undeveloped areas, along pipelines and roads. These linear developments can fragment habitats and allow access to settlers, hunters, illegal loggers and artisanal miners, whose actions can pose increased threats to biodiversity. Offshore development projects pose risks from seismic testing activities that may negatively affect marine mammals, oil spills or the transport of non-native species in the ballast water of oil tankers.

The oil and gas sector was identified as a high risk (“red zone”) sector for biodiversity risk in the September 2004 report *Is Biodiversity a material risk for companies?* (F&C Asset Management plc) [Report available from: <http://www.businessandbiodiversity.org/pdf/FC%20Biodiversity%20Report%20FINAL.pdf>] The report defines red-zone sectors as those sectors in which *most companies* are likely to be exposed to biodiversity risks and the risks are *likely to be significant*.

### Drivers for change

- Ensuring good **community support and a good reputation**, to increase the company's ability to withstand a problem and maintain their access to oil and gas resources (community, government, clients)
- **Combating mistrust** among communities and conservation organizations (community, civil society)
- New requirements and increased scrutiny imposed by **investors**, financial institutions and major fund managers (financiers)

### Key sustainability initiatives and good practices

- **The Energy and Biodiversity Initiative (EBI):** [<http://www.theebi.org>] A multi-stakeholder partnership of four major energy companies and five leading conservation organizations, the EBI explored the relationship between oil and gas and biodiversity and made recommendations for integrating biodiversity issues into oil and gas exploration and production.
- **Biodiversity Working Group:** A joint initiative of the International Petroleum Industry Environmental Conservation Association (IPIECA) [<http://www.ipieca.org>] and the International Association of Oil and Gas Producers (OGP) [<http://www.ogp.org.uk>], the working group provides an industry-led forum to promote good biodiversity practice in the oil and gas sector. The group is also encouraging uptake of the EBI recommendations and guidelines and development of additional materials on good practice for biodiversity management in the sector.

- **The Extractive Industries Review (EIR):**  
[<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXT/OGMC/0,,contentMDK:20605112~menuPK:336936~pagePK:148956~piPK:216618~theSitePK:336930,00.html>] A major review of World Bank Group investments in extractive industries, addressing the question of whether these projects could contribute to sustainable development.
- **The Center for Environmental Leadership in Business: Energy and Mining Program:**  
<http://www.celb.org/xp/CELB/programs/energy-mining>