

ANNEXES - CHAPTER 4

Annexe 4-2 IFC Performance Standard 6

TABLE OF CONTENTS

ANNEXES - CHAPTER 4	4-1
4.2 Performance Standard 6 of the International Finance Corporation (IFC).....	4-3
4.2.1 General	4-3
4.2.2 Modified habitat	4-4
4.2.3 Natural habitat	4-4
4.2.4 Critical habitat	4-5
4.2.5 Legally protected and internationally recognized areas	4-7

4.2 Performance Standard 6 of the International Finance Corporation (IFC)

The objectives of Standard 6 are:

- to protect and conserve biodiversity;
- to maintain the benefits from ecosystem services; and
- to promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.

The following texts are drawn from Standard 6 but have been reformatted to include the related notes and to highlight the salient points. The paragraph numbers of Standard 6 have been retained to ensure that the Standard is correctly understood.

4.2.1 General

7. As a matter of priority, the client should seek to avoid impacts on biodiversity and ecosystem services. When avoidance of impacts is not possible, measures to minimize impacts and restore biodiversity and ecosystem services should be implemented. Given the complexity in predicting project impacts on biodiversity and ecosystem services over the long term, the client should adopt a practice of adaptive management in which the implementation of mitigation and management measures is responsive to changing conditions and the results of monitoring throughout the project's lifecycle.

8. Where paragraphs 13–15 are applicable, the client will retain competent professionals to assist in conducting the risks and impacts identification process. Where paragraphs 16–19 are applicable, the client should retain external experts with appropriate regional experience to assist in the development of a mitigation hierarchy that complies with this Performance Standard and to verify the implementation of those measures.

10. 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. 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; however, a net gain is required in critical habitats. The design of a biodiversity offset must adhere to the “like-for-like or better” principle 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, external experts with knowledge in offset design and implementation must be involved.

The Standard is applicable to four types of habitats:

4.2.2 Modified habitat

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

12. This Performance Standard applies to those areas of modified habitat that include significant biodiversity value, as determined by the risks and impacts identification process required in Performance Standard 1. The client should minimize impacts on such biodiversity and implement mitigation measures as appropriate.

4.2.3 Natural habitat

13. Natural habitats are areas composed of 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 composition.

14. The client will not significantly convert or degrade natural habitats, unless all of the following are demonstrated:

- No other viable alternatives within the region exist for development of the project on modified habitat;
- Consultation has established the views of stakeholders, including Affected Communities, with respect to the extent of conversion and degradation (conducted as part of the stakeholder engagement and consultation process, as described in Performance Standard 1); and

- Any conversion or degradation is mitigated according to the mitigation hierarchy.

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

15. In areas of natural habitat, mitigation measures will be designed to achieve no net loss of biodiversity where feasible. Appropriate actions include:

- avoiding impacts on biodiversity through the identification and protection of set-asides;
- implementing measures to minimize habitat fragmentation, such as biological corridors;
- restoring habitats during operations and/or after operations; and implementing biodiversity offsets.

No net loss is defined as the point at which project-related impacts on biodiversity are balanced by measures taken to avoid and minimize the project's impacts, to undertake on-site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale (e.g., local, landscape-level, national, regional).

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 significant biodiversity values and/or provide ecosystem services of significance at the local, national and/or regional level. Set-asides should be defined according to internationally recognized approaches or methodologies (e.g., High Conservation Value, systematic conservation planning).

4.2.4 Critical habitat

16. Critical habitats are areas with high biodiversity value, including (i) habitat of significant importance to Critically Endangered and/or Endangered species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or

congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.

The species in (i) are those 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 competent professionals; 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.

17. In areas of critical habitat, the client will not implement any project activities unless all of the following are demonstrated:

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

Biodiversity values and their supporting ecological processes will be determined on an ecologically relevant scale.

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 according to 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.

The timeframe in which clients must demonstrate “no net reduction” of Critically Endangered and Endangered species will be determined on a case-by-case basis in consultation with external experts.

18. In such cases where a client is able to meet the requirements defined in paragraph 17, 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 the critical habitat was designated.

Net gains are additional conservation outcomes that can be achieved for the biodiversity values for which the critical habitat was designated. Net 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 of this Performance Standard without a biodiversity offset, the client should achieve net gains through the implementation of programs that could be implemented in situ (on the ground) to enhance habitat and to protect and conserve biodiversity.

19. In instances where 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 will be adequately mitigated to meet the requirements of paragraph 17.

4.2.5 Legally protected and internationally recognized areas

20. In circumstances where a proposed project is located within a legally protected area or an internationally recognized area, the client will meet the requirements of paragraphs 13 through 19 of this Performance Standard, as applicable. In addition, the client will:

- demonstrate that the proposed development in such areas is legally permitted;
- act in a manner consistent with any government recognized management plans for such areas;

- consult protected area sponsors and managers, Affected Communities, Indigenous Peoples and other 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 area (implementing additional programs may not be necessary for projects that do not create a new footprint.)

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.

An internationally recognized area is 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).