



Environmental and Social Requirement 6

Biodiversity conservation and sustainable management of living natural resources



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Introduction

1. This Environmental and Social Requirement (ESR) recognises that the conservation of biodiversity and sustainable management of living natural resources⁸¹ are fundamental to environmental and social sustainability.
2. This ESR recognises the importance of maintaining and valuing the core ecological function of habitats,⁸² biodiversity and ecosystem services.⁸³ All ecosystems support a complexity of living organisms and vary in terms of richness, abundance and importance of species.
3. The objective of biodiversity conservation and sustainable management of living resources must be balanced with the potential for utilising the multiple economic, social and cultural values of biodiversity and living natural resources in an optimised manner.

Objectives

4. The objectives of this ESR are to:
 - protect and conserve biodiversity using a precautionary approach
 - safeguard and, when appropriate, enhance ecosystems and the biodiversity they support, so as to contribute to achieving the overall goals and targets of the Kunming-Montreal Global Biodiversity Framework
 - adopt the mitigation hierarchy when designing and implementing projects to achieve no net loss and, where appropriate, a net gain in biodiversity
 - maintain ecosystem services
 - promote good international practice (GIP) in the sustainable management and use of living natural resources.

Scope of application

5. This ESR applies to all projects directly financed by the EBRD as established in the Environmental and Social Policy. The client will, as part of its environmental and social assessment process, identify and agree with the EBRD the relevant requirements of this ESR and how they will be addressed and managed throughout the project lifecycle. The implementation of the actions necessary to meet the requirements of this ESR will be managed under the client's overall environmental and social management system (ESMS) and project-specific environmental and social management plans (ESMPs) to structure the project to meet

81 "Living natural resources" are defined as being the plants and animals cultivated for human or animal consumption and use, whether in the wild or in a cultivated situation. It includes all types of forestry, biofuels, agriculture, including both annual and perennial crops and animal husbandry, including livestock; and both wild and capture fisheries including all types of marine and freshwater organisms, both vertebrate and invertebrate.

82 "Habitat" is defined as a terrestrial, freshwater or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment.

83 Ecosystem services are the benefits that people, including businesses, derive from ecosystems. Ecosystem services are organised into four types: (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 services, which are the non-material benefits people obtain from ecosystems; and (iv) supporting services, which are the natural processes that maintain the other services.

this ESR within an acceptable timeframe. The environmental and social assessment and management requirements are set out in ESR 1.

6. This ESR also applies to situations in which the livelihoods of affected communities – including Indigenous Peoples and their access to or use of biodiversity, ecosystem services and/or living natural resources – may be affected by project activities. The potential positive role of project-affected communities, including Indigenous Peoples, in biodiversity conservation and the sustainable management of living natural resources is also considered in this ESR.

Requirements

Biodiversity conservation

Assessment of risks and impacts

7. The assessment process will characterise the baseline conditions to a degree that is proportional and specific to the anticipated risk and significance of impacts. The baseline assessment will consider, but not be limited to, relevant risks to biodiversity and ecosystem services, focussing on potential habitat loss, degradation and fragmentation, invasive alien species, overexploitation, migratory corridors, hydrological changes, nutrient loading, and pollution, as well as impacts relevant to climate change and adaptation. In planning and carrying out biodiversity-related baseline and impact assessments, the client will refer to relevant good practice guidance, utilising desktop reviews, consultation with experts and field-based approaches as required. Where further investigations are needed to provide greater certainty on the significance of potential impacts, including the value of natural capital, the client will carry out additional studies and/or monitoring before undertaking project-related activities that could cause irreversible impacts.
8. Through the assessment process, the client will identify and characterise, early in the project lifecycle and, in any event, prior to conducting activities that can result in impacts, the potential project-related opportunities, risks, impacts and dependencies on biodiversity. The extent of the assessment will be sufficient to characterise the impacts, based on their likelihood and the significance and severity of impact, and reflect the concerns of potentially affected communities and, where relevant, other stakeholders. The assessment will also consider direct, indirect and cumulative impacts and evaluate the effectiveness and feasibility of the mitigation measures to be applied to the project. The assessment process will include consideration of potential landscape-level impacts, seasonal constraints and/or sensitivities, as well as impacts on the ecological integrity of these ecosystems, independent of their protection status and regardless of the degree of their disturbance or degradation. Clients will make best efforts to follow GIP on the disclosure of project-related biodiversity data.
9. In accordance with GIP, the assessment will consider: (i) the project's potential impacts on ecosystem services, including those that could be exacerbated by climate change; (ii) the use and value of and dependence on these ecosystem services by potentially affected communities and/or Indigenous Peoples; and (iii) the project's dependence on these ecosystem services. Where the project has the potential to impact ecosystems services and where the client has direct management control or significant influence, adverse impacts should be avoided. If these impacts are unavoidable, measures to minimise impacts and/or restore biodiversity and ecosystem services will be implemented in accordance with this ESR and ESRs 1, 3, 4, 5, 7, 8 and 10.
10. For projects that could potentially have such impacts on Indigenous Peoples and local communities, including those mentioned in paragraph 9, the client will provide opportunities for fair and equitable sharing of the benefits derived from the utilisation of living natural resources in accordance with: (i) the requirements for addressing economic displacement impacts in ESR 5; (ii) the specific requirements relating to managing potential risks and impacts on Indigenous Peoples in ESR 7; and (iii) the stakeholder engagement requirements set out in ESR 10.

The protection and conservation of biodiversity, priority biodiversity features and critical habitats

11. Where the assessment has identified potential project-related impacts on biodiversity, including those features that are not considered “critical habitat” or “priority biodiversity features”, the client will, as a priority, avoid adverse impacts on biodiversity. Where avoidance is not possible, the client will follow the mitigation hierarchy and minimise or mitigate adverse impacts. The client will only consider offsets as a last resort, where any significant residual impacts remain despite best efforts to avoid, minimise or mitigate adverse impacts. The client will adopt a precautionary approach and apply adaptive management practices in which the implementation of mitigation and management measures are responsive to changing conditions and to the results of project monitoring throughout the project lifecycle.
12. Notwithstanding the above, some areas affected by the project may contain priority biodiversity features⁸⁴ that include: (i) threatened habitats; (ii) vulnerable species; (iii) significant biodiversity features identified by a broad set of stakeholders or governments; and (iv) ecological structure and functions needed to maintain the viability of the aforementioned priority biodiversity features.
13. Where the assessment has identified that the project could have significant, adverse and irreversible impacts on priority biodiversity features, the client will not implement any project-related activities unless:
 - The client can demonstrate that there are no technically and economically feasible alternatives.
 - Stakeholders are consulted in accordance with ESR 10.
 - The project is permitted under applicable environmental laws, recognising the priority biodiversity features.
 - Appropriate mitigation measures are put in place, in accordance with the mitigation hierarchy, to ensure no net loss⁸⁵ and preferably a net gain of priority biodiversity features and the habitats and ecological functions that support them over the long term to achieve measurable conservation outcomes.
14. The most sensitive biodiversity features are defined as critical habitat, comprising one of the following: (i) highly threatened or unique ecosystems; (ii) habitats of significant importance to endangered⁸⁶ or critically endangered species; (iii) habitats of significant importance to endemic or geographically restricted species; (iv) habitats supporting globally significant migratory or congregatory species; or (v) areas associated with key evolutionary processes.
15. Critical habitat will not be further fragmented, converted or degraded to the extent that its ecological integrity or biodiversity importance is compromised. Consequently, in areas of critical habitat, the client will not implement any project activities unless the following conditions are met:
 - no other viable alternatives within the region exist for development of the project in habitats of lesser biodiversity value
 - stakeholders are consulted in accordance with ESR 10
 - the project is permitted under applicable environmental laws, recognising the priority biodiversity features
 - the project does not lead to measurable adverse impacts⁸⁷ on those biodiversity features for which the critical habitat was designated, as outlined in paragraph 14

84 “Priority biodiversity features” are a subset of biodiversity, which are irreplaceable or vulnerable, but at a lower priority level than critical habitats (as defined in paragraph 14).

85 “No net loss” is defined as the point at which project-related biodiversity losses are balanced by gains resulting from measures taken to avoid and minimise these impacts, to undertake on-site restoration and to offset significant residual impacts, if any, on an appropriate geographic scale.

86 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 competent professionals; and (ii) in instances where nationally or regionally listed species’ categorisations do not correspond exactly to those of the IUCN (for example, some countries more generally list species as “protected” or “restricted”), an assessment will be conducted to determine the rationale for and purpose of the listing. In this case, the critical habitat determination will be based on such assessment.

87 Measurable adverse impacts mean the project’s direct and indirect impacts will jeopardise the persistence within the study area of any biodiversity value that triggers a critical habitat designation.

- the project is designed to deliver net gains⁸⁸ for the critical habitat impacted by the project, with monitoring systems to demonstrate them
 - the project is not anticipated to lead to a net reduction in the population⁸⁹ of any endangered or critically endangered species, over a reasonable time period⁹⁰
 - a robust and appropriately designed, long-term biodiversity monitoring and evaluation programme aimed at assessing the status of critical habitat is integrated into the client's adaptive management programme.
16. In cases where a client is able to meet the requirements set out in paragraph 15, the project's mitigation strategy, including net gain, will be described in a biodiversity management plan and/or biodiversity action plan.⁹¹
 17. The requirement for a critical habitat assessment will be identified during the project's impact assessment scoping phase and, where relevant, revised on conclusion of the baseline assessment. Where the assessment has identified that the project could have adverse impacts on a critical habitat, the client will retain independent experts to conduct an assessment of the potentially adverse impacts on this critical habitat.
 18. As a last resort, biodiversity offsets may be designed and implemented to achieve measurable, additional and long-term conservation outcomes⁹² that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity. The design of a biodiversity offset will adhere to the "like-for-like or better" principle⁹³ and be carried out in alignment with the Bank's ESRs and GIP. The client will need to dedicate appropriate staff resources and demonstrate the long-term technical and financial feasibility of undertaking the offset.
 19. In instances where biodiversity offsets are proposed for priority biodiversity features or critical habitat, the client will develop a biodiversity offset strategy or biodiversity offset management plan, as appropriate, to demonstrate that the project's significant residual impacts on biodiversity will be adequately mitigated. In these instances, the client will retain independent experts with knowledge in biodiversity offset design and implementation and will report annually to the EBRD on loss/gain analysis.
 20. Not all residual adverse impacts to priority biodiversity features and/or critical habitat can be offset. In such cases, the client will redesign the project to avoid the need for such offset and to meet the requirements of this ESR, in particular, the provisions of paragraphs 13 and 15.

88 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 implementation of programmes that could be implemented in situ (on the ground) to enhance habitat and protect and conserve biodiversity and, where additional mitigation is required to meet the requirements of paragraph 15 of this ESR, by developing a biodiversity offset.

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

90 The timeframe in which clients shall demonstrate "no net reduction" of critically endangered and endangered species will be determined on a case-by-case basis and in consultation with external experts.

91 Biodiversity action plans typically include a series of goals, objectives, management measures and scheduled milestones to mitigate residual impacts to achieve no net loss/net gains of priority biodiversity features or critical habitat. The goal/objectives should be realistic and based on measurable targets. Each objective should outline a series of actions and include completion indicators or monitoring targets, the responsible party and a timeframe. Biodiversity action plans should be developed in consultation with relevant stakeholders, including government, external experts, local/international conservation organisations and project-affected communities.

92 Measurable conservation outcomes for biodiversity will be demonstrated in situ (in natural conditions, not in captivity or depository) and on an appropriate geographical scale (for example, at a local, national or regional level).

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

Legally protected and internationally recognised areas of biodiversity value

21. Where the project occurs within or has the potential to adversely affect an area that is legally protected,⁹⁴ internationally recognised⁹⁵ or proposed for such status by national governments, the client will identify and assess potential project-related impacts and apply the mitigation hierarchy, so that project impacts will not compromise the integrity, conservation objectives and/or biodiversity importance of that area.
22. If the assessment identifies that the project has the potential to adversely impact the conservation objectives and integrity of the site, priority biodiversity features and/or critical habitat within the legally protected areas or internationally recognised areas of biodiversity value, the client will take measures to avoid such impacts. In addition, the client will:
 - demonstrate that any proposed development is legally permitted, which may entail proving that a specific assessment of the project-related impacts on the protected area has been carried out as required under national law
 - act in a manner consistent with any government-recognised management plans for such areas
 - consult protected area managers, relevant authorities, local communities and other stakeholders on the proposed project in accordance with ESR 10
 - implement additional programmes, as appropriate, to promote and enhance the conservation objectives of the protected area.

Invasive alien species

23. The client will avoid and proactively prevent the accidental or deliberate introduction of alien species that could have significant adverse impacts on biodiversity. Specifically:
 - The client will not intentionally introduce alien species into areas where they are not normally found, unless this is carried out in accordance with the regulatory framework governing such introduction. Under no circumstances will species known to be invasive be introduced into new environments.
 - The client will identify potential risks, impacts and mitigation options related to the accidental transfer and release of alien species.⁹⁶
 - Where alien species are already established in the country or region of the proposed project, the client will exercise diligence in not spreading the invasive species into areas where they are not already established and avoid spreading them in areas where they are already established.

Sustainable management of living natural resources

24. Projects that involve the primary production of living natural resources, including crop or livestock production, natural or plantation forestry, aquaculture or fisheries, as well as the production and use of biomass for energy and biofuels will comply with all applicable requirements of this ESR, in addition to the following:
 - The client will manage living natural resources through the application of national regulatory requirements, GIP and relevant European Union (EU) substantive environmental standards, as applicable, at project level.
 - Where appropriate, the client will adopt globally, regionally or nationally recognised certification standards that: (i) are founded on a multi-stakeholder consultative process and (ii) where accreditation is subject to independent verification or certification through appropriate accredited bodies for such standards. In the absence of relevant standards and/or certification systems, the client will commit to applying appropriate industry-specific sustainable management practices in accordance with GIP.

⁹⁴ This ESR is guided by the IUCN definition of “protected area”.

⁹⁵ Sites identified under international conventions or agreements, including, but not limited to, UNESCO Natural World Heritage Sites, UNESCO Man-and-Biosphere Reserves and the Ramsar List of Wetlands of International Importance.

⁹⁶ With respect to the international shipping of goods and services, this ESR is guided by the International Convention for the Control and Management of Ships’ Ballast Water and Sediments. Clients seeking EBRD finance for a project involving such shipping activities are required to comply with appropriate obligations developed in the framework of this convention.

- Where feasible, the client will locate land-based agribusiness projects on unforested land or land that has already been converted from its natural state to avoid and minimise impacts on priority biodiversity features and/or critical habitat.
- Production and/or use of species with potential for invasiveness will not be undertaken without adequate controls to prevent their release/spread outside of the production area.
- For fishery⁹⁷ or aquaculture projects, the client will assess, avoid and minimise the risk of escape of non-native species into the aquatic environment. The client will also assess, avoid and minimise the potential for the transfer of disease and contamination of microorganisms and chemicals with antimicrobial properties into the environment.
- Where the client is involved in the farming, transport and slaughter of animals for meat or by-products (such as milk, eggs or wool), it will adopt and implement national regulatory requirements, relevant EU animal welfare standards and GIP, whichever are most stringent, in animal husbandry techniques.
- To avoid and minimise antimicrobial resistance (AMR),⁹⁸ the client will only use antimicrobials on food-producing animals, in accordance with EU substantive environmental standards.
- in EU Member States, genetically modified organisms (GMOs) may not be used or released into the environment without approval from the competent authorities. In other EBRD countries of operation, GMOs may not be used or released into the environment without a risk assessment, conducted in accordance with EU substantive environmental standards.

Supply chains

25. As part of the supply chain assessment process outlined in ESR 1, the client will identify and assess whether there are foreseeable risks of significant land-use conversion that could impact biodiversity and ecosystem services (such as deforestation) in the project's core supply chain.⁹⁹
26. If this risk assessment identifies a risk of significant land-use conversion that impacts biodiversity or ecosystem services (for example, deforestation) in the client's core supply chain, the client will find alternative suppliers or, if that is not feasible, remedy this in accordance with GIP over a timeframe agreed with the EBRD and as outlined in ESR 1, including establishing supply-chain policies, procedures and verification practices. When purchasing living natural resources, clients will take into account internationally recognised principles and standards of sustainable management, where available.
27. The client is expected to manage supply-chain risks as outlined above and as set out in other ESRs, specifically ESR 1 and ESR 2.

⁹⁷ Fishery activities are not necessarily limited to harvesting. Repopulation or the introduction of different species or populations, especially in closed environments such as lakes, will ensure that the new stock does not destroy or displace existing local endemic/natural fish species.

⁹⁸ According to the World Organisation for Animal Health, antimicrobial agents are medicines used to treat infections, particularly those of bacterial origin. These medicines are essential to protect human and animal health, as well as animal welfare. Excessive or inappropriate use can lead to the emergence of resistant bacteria, which do not respond to antibiotic treatment. This is commonly referred to as antimicrobial resistance (AMR).

⁹⁹ See definitions in Section III of the Environmental and Social Policy.