BACKGROUND PAPER TO THE SCBD WORKSHOP SESSION AT IAIA 17

BIODIVERSITY-INCLUSIVE IMPACT ASSESSMENT IN THE CONTEXT OF THE CBD AND THE 2030 AGENDA: WAYS FORWARD

Secretariat of the Convention on Biological Diversity

BACKGROUND OF THE SESSION

Convention on Biological Diversity

The Convention on Biological Diversity (CBD), adopted at the 1992 Earth Summit in Rio de Janeiro, is one of the key international agreements contributing to sustainable development. The three objectives of the Convention are the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits from the use of genetic resources. The concept of 'ecosystem services' as the benefits people obtain from ecosystems, established by the two major publications, Millennium Ecosystem Assessment (2005) and the Economics of Ecosystems and Biodiversity (TEEB) (2010), is key to better understanding of the role of biodiversity in sustainable development, and the need to better identify, assess, and manage associated risks and impacts.

Article 14 of the Convention, on 'Impact Assessment and Minimizing Adverse Impacts', invites Parties to introduce 'appropriate procedures requiring environmental impact assessment of proposed projects that are likely to have significant adverse effects on biological diversity, with a view to avoiding or minimizing such effects' (paragraph 1(a)). The Strategic Plan for Biodiversity 2011-2020, adopted in 2010, underlines that biodiversity underpins the provision of ecosystem services that are essential for human well-being, as it provides for food security, human health, the provision of clean air and water, thus contributing to local livelihoods and economic development, and is essential for the achievement of the achievement of development goals including poverty reduction. At the eighth meeting of the Conference of the Parties to the Convention (COP8) in 2006, Parties endorsed the Voluntary Guidelines on Biodiversity-Inclusive Impact Assessment[1], outlining the guidance on the consideration of biodiversity and ecosystem services in project- and strategic-level impact assessments. Further, Voluntary Guidelines for the consideration of biodiversity in EIAs and SEAs in marine and coastal areas were adopted by COP11 in 2012.[2]

Outcome of the latest CBD COP

At the latest Conference of the Parties (COP13) held in December 2016, Parties discussed the mainstreaming of biodiversity as a means to promote sustainable development in both cross-cutting and sector-specific areas, with particular focus on four critical economic sectors - agriculture, fisheries, forestry and tourism). The COP adopted a decision on mainstreaming which included a focus on impact assessment, inviting Parties and other governments 'to take measures to improve the effectiveness of environmental impact assessments and strategic environmental assessments, including by strengthening the application of strategic environmental assessment methodologies and by using tools to evaluate potential impacts on biodiversity and ecosystem functions and services, including on resilience.' (Paragraph 18 (c) of decision XIII/3)

The COP also agreed to consider, at COP14 to be held in 2018, the mainstreaming of biodiversity in the following key sectors: energy and mining; infrastructure; manufacturing and processing; and health[3]. The use of EIAs and SEAs are highly relevant to the first three sectors in particular. Further, the COP called for additional

[1] COP8 decision VIII/28, Annex https://www.cbd.int/decision/cop/?id=11042
[2] COP11 decision XI/18, B https://www.cbd.int/doc/decisions/cop-11/cop-11-dec-18-en.pdf
[3] COP13 decision XIII/3, paragraph 103 https://www.cbd.int/doc/decisions/cop-13/cop-13-dec-03-en.pdf

actions to address biodiversity at the local and subnational level, particularly by cities and state-level governments, for which EIAs and SEAs will also play a key role.

The 2030 Agenda for Sustainable Development

The adoption of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) implies increased demand for energy, food, water and infrastructure, and substantial increase in relevant development investments to be undertaken in the next 15 years. For example, the world's urban land cover is expected to triple between 2000 and 2030, with potential impacts on areas of biodiversity importance. Growing population and urban consumption patterns will drive significant increases in material demands (e.g. food demand expected to increase by 50% between 2012 and 2050), adding further pressure on lands, water and biological resources. Close to 1 trillion USD is being invested on infrastructures in developing countries, while an estimate suggests twice to three times the amount will be required to fulfil the SDGs. Nevertheless, infrastructure investments with insufficient consideration of ecosystem services can undermine the very development benefits intended.

The role of biodiversity and ecosystems services are strongly reflected in the 2030 Agenda, not only in SDGs 14 and 15, but also in targets with respect to poverty, food security, cities and other SDGs. For instance, Target 15.9 calls on governments to 'by 2020, integrate ecosystems and biodiversity values into national and local planning, development processes and poverty reduction strategies, and accounts'. If the SDGs are not implemented in an integrated fashion, with due consideration for biodiversity, implementation may have adverse impacts on biodiversity, and in turn compromise the progress of other SDGs. The use of EIAs and SEAs are thus highly relevant to SDG implementation.

Renewed focus on biodiversity-inclusive impact assessment; the study commissioned by the Secretariat

Impact assessments are legally enforceable instruments established in virtually all countries, providing a concrete means for strengthened mainstreaming of biodiversity in development plans and investments. The procedure typically includes obligatory public disclosure of documents and involvement of stakeholders that promotes transparency and public participation in decision making. Impact assessments thus provide a way to assess the pros and cons of a proposed plan or project in an integrated manner.

In recent years, multilateral financial institutions, such as the International Finance Corporation (IFC) and the World Bank, have revised environmental and social safeguard policies to better incorporate the concept of biodiversity and ecosystem services. A number of sectoral and industry-specific guidance materials for biodiversity consideration have also been developed.

Given the continued relevance and growing importance of impact assessment, the Secretariat of the Convention has carried out a review of existing guidance documents for biodiversity-inclusive impact assessment and their extent of application, with a view to identifying challenges and opportunities in improving the integration of biodiversity and ecosystem services in impact assessment practices.

The preliminary findings of the study will be presented at the IAIA 17 session in order to exchange and discuss effective approaches to further improve and upscale of the application of biodiversity-inclusive impact assessment as required by the Convention and the 2030 Agenda.

The main preliminary findings of the study are outlined below. The full draft report is available as a separate document. The Secretariat welcomes comments to be sent to Roel Slootweg sevs@sevs.nl and Shizuka Onishi shizuka.onishi@cbd.int by 14 April.

MAIN PRELIMINARY FINDINGS OF THE STUDY COMMISSIONED BY THE SECRETARIAT

Impact of the CBD Voluntary Guidelines on subsequent guidance documents

The CBD Voluntary Guidelines encompass biodiversity as a broad concept, including both biodiversity *sensu stricto* (usually species and habitats, linked to conservation status and legal protection), and the broader role of biodiversity as underpinning ecosystem services for the benefit of society. This may have contributed to the adoption of standards and/or guidance by other entities that have included ecosystem services and other important aspects of biodiversity. Most prominent are the 2012 International Finance Corporation Performance Standards (IFC-PS: obligatory requirements for private sector loans), which resulted in a further series of thematic and sectoral guidance documents (e.g. WRI, mining and metals industry (ICMM), oil and gas industry (IPIECA)).

Insufficient integration of ecosystem services

Ecosystem services have been promoted as an effective concept to 'translate' biodiversity into social and economic concepts and the associated language, arguably better understandable for planners, decision makers and the public at large. Yet, the concept has only very slowly been adopted in practice. Based on a significant number of publications and case material, three root causes can be distinguished for the limited uptake: **unwillingness** (powerful investors or sector departments aiming at minimising the influence of impact assessments), **silo thinking** (studies and assessments of ecosystem services still commissioned by, implemented by, and typically aimed at green sector actors and audiences, and not designed to answer specific policy, planning or decisions of decision-makers responsible for economic and development matters), and **ineffective science-policy interface** (decision makers are not getting the information they need and scientists are producing information that is not used).

Need for practical methodologies to assess and address ecosystem services

The last decade has seen a rapid growth in the number of approaches to assess and value ecosystem services. However, there is perceived lack of readily available methodologies. Assessment of ecosystem services can be distinguished into four levels: identification, quantification, societal valuation, and economic quantification. However, in order to be effectively used in decision making, information must meet three requirements: (i) it has to be scientifically valid (**credibility**); (ii) it has to be socially acceptable, in the sense that it addresses stakeholder concerns in a procedurally fair manner (**legitimacy**); and (iii) it has to be relevant for decision makers, in the sense that the appropriate kind of information is presented within the broader policy context, at the appropriate moment in time (**salience or relevance**). Uptake and use of information on ecosystem services by decision-makers will be enhanced by simpler and more practical methodologies and a balanced use of expert and local knowledge.

Guidance documents by development banks

Multilateral development banks play important roles in influencing the decisions of public and private investors through technical advisory for planning, financial support, and in their recognized role as "standard bearers". While IFC Performance Standard 6 on Biodiversity is consistent with the overall objectives of the CBD Voluntary Guidelines, the new World Bank Environmental and Social Framework is less explicit in defining and integrating the concept of ecosystem services and its assessment. Nevertheless, the new Framework also presents an opportunity to better clarify and reframe ecosystem services in further guidance material for the practical implementation of relevant Environmental and Social Standards (ESSs), including: on environmental and social risks and impacts (ESS 1); on community health and safety including a requirement on 'impacts on ecosystem services that may result in adverse health and safety risks to and impact on affected communities' (ESS 4); and

on biodiversity with reference to 'vulnerable biodiversity or habitats' and 'the differing values attached to biodiversity and habitats by project affected parties and other interested parties' (ESS 6).

Biodiversity-inclusive impact assessment in practice

The field of impact assessment has seen several major developments, to name two: SEA has become an established instrument, including in developing countries, and environmental and social impact assessment are now integrated as a standard routinely by development banks and some countries. Yet, some of the shortcomings of impact assessment practice remain pertinent: the inclination to only want to tick off (legally required) boxes; limited or inappropriate scoping; a sole focus on negative impacts and lack of attention for potential for enhancing positive impacts; little attention to genuine alternatives; impact assessment conducted too late down the decision-making process, leaving little room for meaningful alternatives; and capacity problems.

With regard to biodiversity-inclusive impact assessment, there is a serious lack of overall evaluations of the effectiveness of EIA and SEA in addressing biodiversity, which hampers a comprehensive analysis. However, the available information points to following observations:

- The quality of biodiversity-inclusive impact assessment shows an enormous variety. Highly publicised good practice cases tend to overshadow the invisible day-to-day reality of impact assessments on the ground, which are often not as effective as portrayed.
- Country regulations often have a narrow focus on biodiversity (species and habitat conservation). Additional donor requirements usually lead to better quality impact assessment. Support for capacity development by donors also contributes to the quality of impact assessment.
- Assessment or valuation of ecosystem services is still limited in the practice of impact assessment. The majority of published ecosystem services assessment and valuation studies have been conducted as a part of scientific or analytical studies. By contrast, there are less examples of how ecosystem services assessment has been carried out which contributed to actual decision making at strategic or project levels.
- SEA lives up to its promises of better influencing planning at the landscape level (including ecosystem services), providing more room for alternatives, and better consideration of cumulative impacts. However, many SEAs are not highly effective.

Emerging themes relevant to biodiversity-inclusive impact assessment

Contrasting the scarcity of studies on the effectiveness of biodiversity-inclusive impact assessment, a wealth of documentation has been produced over the last decade on a number of emerging themes, including:

Climate change. The Paris agreement on climate change is expected to accelerate the transitioning of energy systems towards renewables, which will have a profound impact on spatial and regional planning, infrastructure development and ecosystem management. These sectors are subject to SEA and/or EIA. There are huge potential benefits for biodiversity by applying appropriate biodiversity-inclusive SEA and EIA to all the activities resulting from the energy transition.

Marine environment. Adverse impacts of human activities on marine and coastal biodiversity, including coral bleaching, ocean acidification, underwater noise and pollution, undermine the sustainability of coastal and marine ecosystem services. New developments such as off shore wind parks, carbon storage and plans for deep sea ore mining trigger efforts to promote the use of impact assessment in the marine environment. In general, there is a need to better understand the relationship between marine habitats and the provision of ecosystem services. The application of EIA legislation to projects in the marine environment has been made obligatory in only a handful of sectoral and regional frameworks, and therefore it is still at a relatively early stage.

Furthermore, its application to marine areas beyond national jurisdiction (ABNJ) faces greater challenges in governance systems.

Offsets. The uptake of biodiversity offsets as a mechanism for mitigating the residual impacts of development projects on species and ecosystems has rapidly increased over recent years, with a growing number of actors including private companies stating commitments to No Net Loss (NNL) or Net Positive Impact (NPI). Adherence to the mitigation hierarchy is considered crucial.

Resilience. The field of resilience analysis provides a new and comprehensive perspective on sustainability, planning and impact assessment; it defines the world as inherently complex and the future unpredictable. The importance of learning and adaptive management is thus emphasised. The rather inaccessible academic language and models need further translation into practical experience.

Other themes. Further relevant themes include the increased recognition of ecosystem services in SEA for spatial planning and regional land use planning both in developing and in developed countries; the integration of ecosystem services in urban policy and planning; the importance of biodiversity for human health and its role in health impact assessment; and initiatives to create biodiversity data repositories for impact assessment.

MAIN DISCUSSIONSAND RECOMMENDATIONS

Evaluation of the practices and the effectiveness of biodiversity-inclusive impact assessment

There is an apparent lack in recent evaluative studies of how biodiversity is treated in all phases of impact assessment, both in EIA and SEA, and the effectiveness of biodiversity-inclusive impact assessment in influencing the outcomes of the decisions.

Recommendation: The Convention could invite Parties to carry out, and report on, evaluation studies on the effectiveness of impact assessments, undertaken at the national level, to address biodiversity, on whether the assessments contributed to 'better' decision making, based on analyses on what happened after decision making, when projects or plans are being implemented. This invitation could also be extended to donors, development banks, international NGOs, and private sector organisations.

Provision of better operational guidance on integrating ecosystem services

The discussion on how to best operationalize the integrative concept of ecosystem services in operations divided into sectors and silos has proven to be a difficult one. While IFC strongly subscribed to the concept and embedded it within the organisation, several other development banks and partners take silo-based approach to biodiversity, where biodiversity continues to be defined in narrow conservation terms (threatened species, natural and critical habitat, red lists, etc.) and remains in the domain of the green silo.

However, as ecosystem services are now referred to as a requirement in some of the social standards of the new World Bank ESF, there seems to be an opportunity to reframe ecosystem services and bring them to the fore in the operational guidance as a 'bridging' concept for social experts to cast biodiversity impacts in terms of human well-being and livelihoods.

Recommendation: In collaboration with development banks, the Convention and its secretariat could promote the inclusion of ecosystem services, its linkages with human well-being and biodiversity, and the way in which they should be assessed and managed through impact assessments including SEA, into future guidance. At the same time, simpler and more practical methodologies for ecosystem services assessment need to be made available to stakeholders in order to promote its application.

Climate change

Energy sector is the sector with largest demand for infrastructure investment in coming years. With the ratification of the Paris agreement, there is a need to put biodiversity-inclusive impact assessment on the climate agenda as a practical and legally embedded instrument to safeguard the role of biodiversity in the energy transition.

Recommendation: The Convention and its Secretariat could take appropriate steps in promoting the consideration of impact assessment in the UNFCCC context, as a means to harness the positive role of biodiversity and ecosystems in the energy transition and in the adaptation to unavoidable climate change. The impact assessment communities, represented by IAIA, can play an important role in such promotion and pertinent follow-up, for example by providing good practice cases.

Promotion of the application of biodiversity-inclusive impact assessment in key sectors and through key platforms

A stronger business case needs to be made for paying more attention to impact assessment in key sectors, in particular in light of the renewed strong emphasis on the sectoral and cross-sectoral mainstreaming of biodiversity as enshrined in decision XIII/3, including the decision to further consider the mainstreaming of biodiversity into energy and mining, infrastructure, manufacturing and processing, and health at COP14.

Recommendation: Biodiversity-inclusive impact assessment can be introduced or strengthened through private and public platforms, such as the Global Platform for Business and Biodiversity, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the Cross Sector Biodiversity Initiative (CSBI), the Natural Capital Coalition, and in collaboration with other sectoral bodies and platforms.

Use of SEA and EIA to harness the impact of urbanization on biodiversity

Discussion on environmental impacts of cities tends to focus on carbon footprint, with relatively little focus on biodiversity, including potential impacts on the ecosystems that provide key services (such as water supply) to cities. Urban biodiversity (Biodiversity within cities) also tends to be overlooked despite its significant contribution to public health and the quality of living standards. Although not receiving explicit attention in the New Urban Agenda adopted in the UN Habitat III Conference, environmental assessment needs to be better applied to address the potential impact on biodiversity by rapid urbanization expected to occur within the next decade.

Toward meaningful COP14 outcomes

As mentioned above, COP14 will consider the issue of mainstreaming biodiversity in the following sectors: energy and mining; infrastructure; manufacturing and processing; and health. The Secretariat welcomes the inputs of the impact assessment community, development banks and other stakeholders on how best to integrate impact assessment as a part of potential COP14 outcomes.