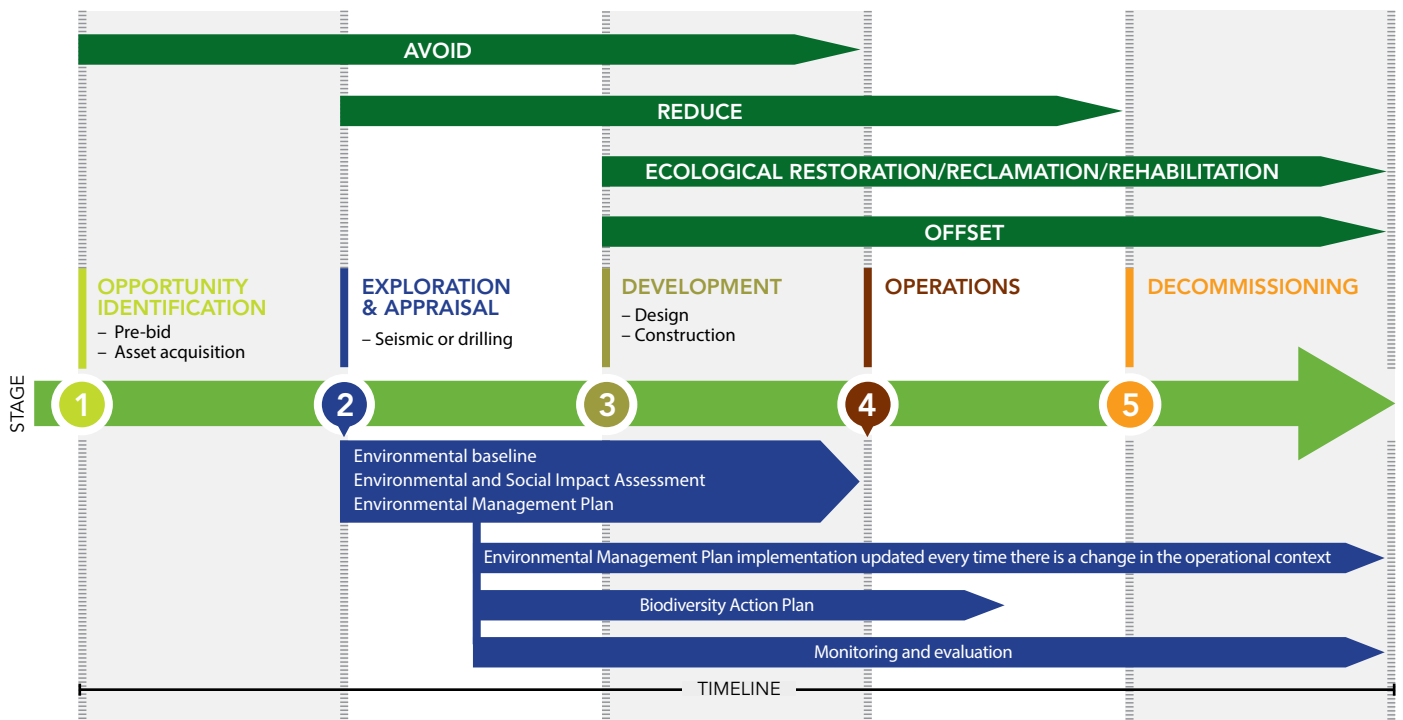


TIMING IT RIGHT: BIODIVERSITY PLANNING FOR EXTRACTIVE INDUSTRIES

BACKGROUND

Governments, investors, communities and companies are becoming increasingly aware of the need to mitigate the impacts of resource extraction on biodiversity. By demonstrating strong environmental management practices, companies can protect their reputation, gain access to resources and even find new business opportunities.

However, without careful timing, biodiversity management planning may happen too late in the project development cycle to alleviate harm. Companies may find themselves having to make costly and time-consuming changes, or lenders may decide that a project's environmental practices are too risky to provide finance without additional conditions. Coordinating project development, biodiversity impact management and financial timelines helps avoid these risks. This is sometimes termed 'frontloading' investment in risk management to reduce longer term costs and impacts.



▲ Project development and environmental impact mitigation timelines for extractive industries.

KEY MESSAGES

There are three important lessons when aligning biodiversity impact mitigation, project development and financing timelines¹:

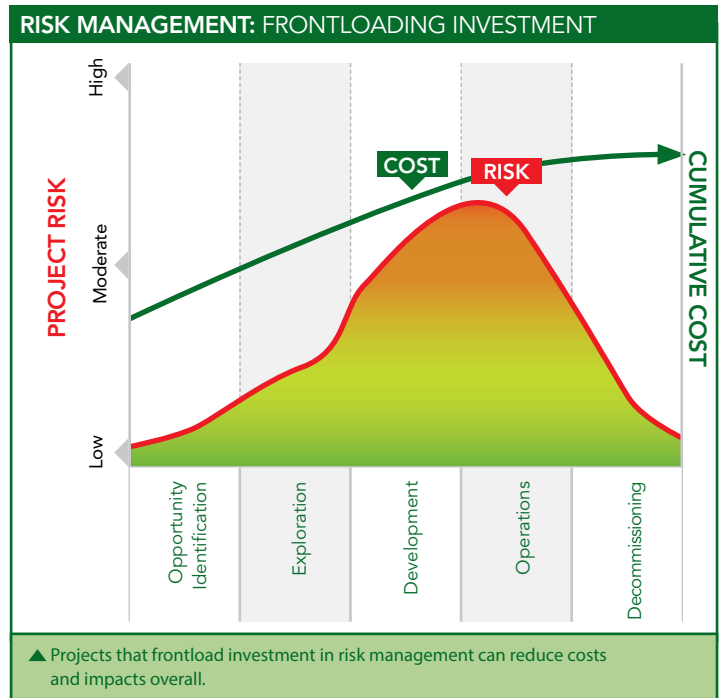
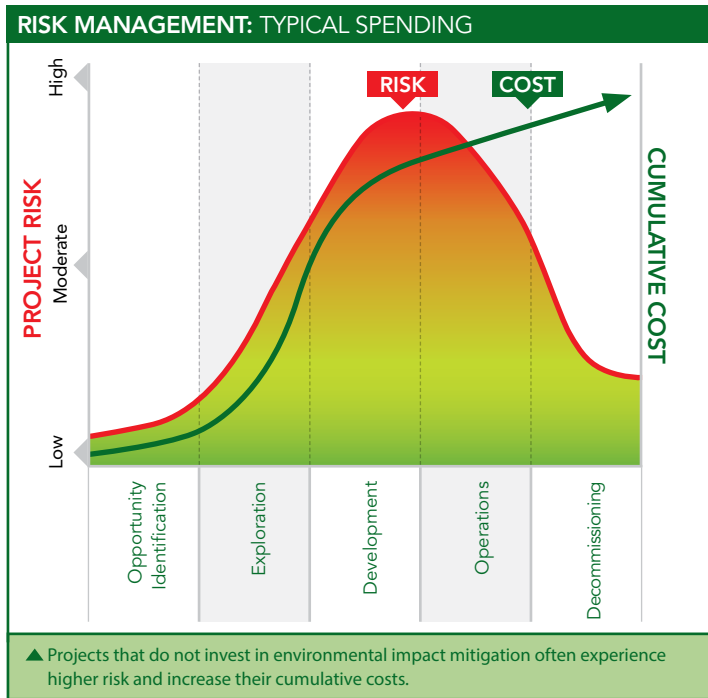
- Depending on risk and uncertainty, efforts to mitigate biodiversity impacts should take place early in a project's lifecycle, when they can still influence project design and the cost of design changes is relatively low.
- Individual projects may require different timing of biodiversity management actions to align with project and financing timelines, depending on the landscape and type of project.
- Risk and uncertainty should be reduced as much as possible before construction begins and before financing is pursued.

THE BENEFITS OF COORDINATING TIMELINES

By coordinating mitigation, project development and financing timelines, businesses can pinpoint actions needed to alleviate environmental harm as early as possible in the project lifecycle. They can also raise awareness of biodiversity management and its challenges in practice.

Diverse staff involved in project planning and execution can benefit from an understanding of relevant timelines, including project managers; financial advisors and lenders; health, safety and environment advisors; and environmental consultants². Guidance for linking timelines can build the capacity of staff and help them work effectively together to implement successful projects.

COST AND RISK THROUGHOUT THE PROJECT LIFECYCLE



TIMING MITIGATION, PROJECT DEVELOPMENT AND FINANCING

Environmental mitigation, project development and financing each take place over different timelines, yet influence and depend on one another. To implement projects effectively, development planners need to understand how these timelines relate and identify key milestones.

Obtaining funding

The finance sector is increasingly aware of the environmental and social risks linked to its investments and they are now developing more stringent biodiversity standards for lending. Projects seeking to work with lenders must demonstrate that they can meet specific biodiversity requirements. This ranges from conducting environmental and social impact assessments to committing to achieving a positive impact on biodiversity in the areas in which they operate. By initiating environmental planning and management early in the development process, companies have a better chance of meeting lender requirements and avoiding financing delays.

Mitigating environmental impacts

Extractive projects can manage their impacts on species and ecosystems by using a prioritised series of steps referred to as the mitigation hierarchy. This approach seeks to alleviate the environmental footprint by avoiding, minimising, restoring and offsetting detrimental impacts to biodiversity, in that order of preference. The mitigation hierarchy emphasises avoiding and minimising impacts up front, particularly if a project takes place near vulnerable or irreplaceable biodiversity. For this reason it needs to be applied early in a project's lifecycle, ideally at the first identification of a development opportunity. Avoidance is generally most effective before final decisions have been made about alternative project development scenarios.

Managing risk

Decisions to reduce project risks and uncertainties take place throughout the stages of extractive project development. These include choices about project location, location of transport corridors and associated infrastructure, technologies used, measures to mitigate impacts, stakeholder engagement

strategies and social management programmes. All of these should be informed by up to date biodiversity data, environmental risk and project design. Gaining knowledge of a project's environmental and social context can help inform decisions and reduce risk and uncertainty.

As projects progress from the exploration phase into development and operation, they need increasingly in-depth information about the environment in order to manage greater risk. As early as possible, projects should carry out environmental baseline assessments, environmental and social impact assessments, and biodiversity risk assessments. This information in turn informs various approaches to manage a project's impacts, including environmental management plans, biodiversity action plans, site planning for maximum avoidance and monitoring and evaluation efforts.

There is a direct link between the timing of environmental planning and management and project risk. Frontloading spending on these areas can help to manage risk and ensure that costs decrease predictably as a project enters into operation. Otherwise unexpected environmental impacts may occur when operations begin, leaving developers to manage the costs.

OUR WORK WITH TIMELINES

Fauna & Flora International works on the ground with projects at various stages of the extractive lifecycle, from exploration and development through to operations and decommissioning. In each case we encourage the frontloading of investment into risk management in order to reduce costs and impacts in the long term.

We also work with companies at a corporate level to set policies that guide each stage of project, mitigation and financing timelines.

REFERENCES

1. CSBI. 2013. CSBI Timeline Tool: a tool for aligning timelines for project execution, biodiversity management and financing. Cross-sector Biodiversity Initiative (CSBI). Available at: http://csbi.ipieca.org/Uploads/CSBI_timeline_tool.pdf
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