



The Environmental and Social Norms of the Islamic Development Bank

Environmental and Social Norm 6 (ESN6): Biodiversity Conservation and Sustainable Natural Resources Management



Acronyms and Abbreviations

AESR	Annual Environmental and Social Report
ACHPR	African Commission on Human and Peoples Rights
AMR	Anti-microbial Resistance
BC	Black Carbon
BMP	Biodiversity Management Plan
CBD	Convention on Biological Diversity
CBO	Community Based Organization
CDD	Community-Driven Development
CHMP	Cultural Heritage Management Plan
CO ₂	Carbon Dioxide
CITES	Convention on the International Trade in Endangered Species
CSO	Civil Society Organization
DLI	Disbursement Linked Indicator
DUC	Dam Under Construction
EHSGs	World Bank Group Environmental, Health and Safety Guidelines
ESDD	Environmental and Social Due Diligence
ESIA	Environmental and Social Impact Assessment
EITI	Extractive Industries Transparency Initiative
EPRP	Emergency Preparedness and Response Plan
ES	Environmental and Social
ESA	Environmental and Social Assessment
ESP	Environmental and Social Plan
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESNs	Environmental and Social Norms
FAO	Food and Agriculture Organization (of the UN)
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
GBV	Gender-Based Violence
GCF	Green Climate Fund
GHG	Greenhouse Gas
GM	Grievance Mechanism
GMO	Genetically Modified Organism
GIIP	Good International Industry Practice
HIA	Health Impact Assessment
HSMP	Health and Safety Management Plan
HVRMs	Highly Vulnerable Rural Minorities
IDEV	Independent Development Evaluation Department
IFC	International Finance Corporation
IFI	International Financial Institution
ILO	International Labour Organization
IPP	Indigenous Peoples Plan
IPM	Integrated Pest Management
IRM	Independent Recourse Mechanism
ISS	Integrated Safeguards System
IUCN	International Union for the Conservation of Nature
IVM	Integrated Vector Management
LIMP	Labour Influx Management Plan
LMPs	Labour Management Procedures
MFI	Multilateral Financial Institution
NGO	Nongovernmental Organization
NSO	Non-Sovereign Operation
O&M	Operation and Maintenance
OHS	Occupational Health and Safety
OP	Operational Policy

OS	Environmental and Social Operational Safeguard
POPs	Persistent Organic Pollutants
PMP	Pest Management Plan
PPP	Public-Private Partnership
RAP	Resettlement Action Plan
RBF	Results-Based Financing
RCIP	Riparian Communities Involvement Plan
RHA	Risk Hazard Assessment
RMC	Regional Member Country
SDGs	Sustainable Development Goals
SEAH	Sexual Exploitation and Harassment
SEP	Stakeholder Engagement Plan
SESA	Strategic Environmental and Social Assessment
SO	Sovereign Operation
SPV	Special Purpose Vehicle
TA	Technical Assistance
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples

Introduction

1. This ESN outlines the requirements for the Client to (i) identify and implement opportunities to conserve and sustainably use biodiversity¹ and natural habitats, and (ii) observe, implement, and respond to requirements for the conservation and sustainable management of priority ecosystem services².

2. It reflects the objectives of the Convention on Biological Diversity to conserve biological diversity and promote the sustainable management and use of natural resources. It also aligns with the Ramsar Convention on Wetlands, the Convention on the Conservation of Migratory Species of Wild Animals, the Convention on International Trade in Endangered Species of Wild Flora and Fauna, the World Heritage Convention³, the UN Convention to Combat Desertification and the Millennium Ecosystem Assessment. Its recommendations also align with the International Plant Protection Convention, which covers the movement of invasive alien species, pests and pest risk analysis for quarantine pests, including analysis of the risks and impacts of genetically modified organisms.

3. ESN6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources is fundamental to sustainable development. 'Biodiversity' is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems. Biodiversity often underpins ecosystem services valued by humans. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services⁴.

4. ESN6 recognizes the importance of maintaining core ecological functions of habitats,

¹ Biodiversity is "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems" (The Convention on Biological Diversity).

² Ecosystem services are the benefits that people derive from ecosystems. There are four types of ecosystem services: (i) provisioning services, which are the products people obtain from ecosystems (food, freshwater, wood and fiber, fuel), (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes (climate regulation, flood regulation, disease regulation, water purification), (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems (aesthetic, spiritual, educational, recreational), and (iv) supporting services, which are the natural processes that maintain the other services (nutrient cycling, soil formation, primary production).

³ For the purposes of this Convention, the following are considered as "natural heritage": natural features consisting of physical and biological formations or groups of such formations, which are of outstanding universal value from the aesthetic or scientific point of view; geological and physiographical formations and precisely delineated areas that constitute the habitat of threatened species of animals and plants of outstanding universal value from the point of view of science or conservation; and natural sites or precisely delineated natural areas that are of outstanding universal value from the point of view of science, conservation or natural beauty.

⁴ Requirements related to ecosystem services are set out in ESN1.

including forests, and the biodiversity they support, in a changing climate. '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. All habitats support complexities of living organisms and vary in terms of species diversity, abundance and importance.

5. This ESN also addresses sustainable management of primary production⁵ and harvesting⁶ of living natural resources.

6. ESN6 recognizes the need to consider the livelihood of project-affected parties, including vulnerable groups, whose access to, or use of, biodiversity or living natural resources may be affected by a project. The potential, positive role of project-affected parties, including vulnerable groups, in biodiversity conservation and sustainable management of living natural resources is also considered.

Objectives

7. The objectives of ESN6 are as follows:

- To protect and conserve biodiversity and differing types of habitats.
- To apply the mitigation hierarchy⁷ and the precautionary approach in the design and implementation of projects that could have an impact on biodiversity, with the aim of conserving biological diversity and ecosystem integrity.
- Endeavour to reinstate or restore biodiversity informed by the mitigation hierarchy, including, where some impacts are unavoidable, through implementing biodiversity offsets to achieve "no net loss but net gain" of biodiversity.
- To promote the sustainable management of living natural resources.
- To support livelihoods of local communities, including vulnerable groups, and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities.
- Sustain the availability and productivity of ecosystem services to maintain benefits to the affected communities and sustain project performance.
- To integrate natural resources effectively into sustainable economic development and protect the vital local and global environmental services and values of natural resources.
- To conceive and execute resettlement activities as sustainable development programs,

⁵ Primary production of living natural resources is cultivation or rearing of plants or animals, including annual and perennial crop farming, animal husbandry (including livestock), aquaculture, plantation forestry, etc

⁶ Harvesting of living natural resources, such as fish and all other types of aquatic and terrestrial organisms and timber, refers to productive activities that include extraction of these resources from natural and modified ecosystems and habitats.

⁷ As set out in ESN1.

providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant.

- To ensure that resettlement activities are planned and implemented with appropriate disclosure of information, meaningful consultation, and the informed participation of those affected.

Scope of Application

8. The applicability of this ESN is established during the environmental and social assessment described in ESN1.

9. Based on the environmental and social assessment, the requirements of this ESN are applied to all projects that potentially affect biodiversity or habitats, either positively or negatively, directly or indirectly, or that depend upon biodiversity for their success.

10. This ESN also applies to projects that involve primary production and/or harvesting of living natural resources.

Requirements

A. General Requirements

11. The environmental and social assessment as set out in ESN1 will consider direct, indirect and cumulative project-related impacts on habitats and the biodiversity they support. This assessment will consider threats to biodiversity, for example habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, pollution and incidental take, as well as projected climate change impacts. It will determine the significance of biodiversity or habitats based on their vulnerability and irreplaceability at a global, regional or national level and will also consider the differing values attached to biodiversity and habitats by project-affected parties and other interested parties.

12. The Client will avoid adverse impacts on biodiversity and habitats. When avoidance of adverse impacts is not possible, the Client will implement measures to minimize adverse impacts and restore biodiversity in accordance with the mitigation hierarchy provided in ESN1 and with the requirements of this ESN. The Client will ensure that competent biodiversity expertise is

utilized to conduct the environmental and social assessment and to verify the effectiveness and feasibility of mitigation measures. Where significant risks and adverse impacts on biodiversity have been identified, the Client will develop and implement a Biodiversity Management Plan⁸.

B. Assessment of Risks and Impacts

13. Through the environmental and social assessment, the Client will identify the potential project- related risks to and impacts on habitats and the biodiversity that they support. It will include the preparation of species lists indicating their IUCN conservation status as well as their local and regional status. In accordance with the mitigation hierarchy, the Client will make the initial assessment of project risks and impacts without considering the possibility of biodiversity offsets⁹. The assessment undertaken by the Client will include identification of the types of habitats potentially affected and consideration of potential risks to and impacts on the ecological function of the habitats. The assessment will encompass any areas of potential biodiversity importance that may be affected by the project, whether or not they are protected under national law. The extent of the assessment will be proportionate to the risks and impacts, based on their likelihood, significance and severity, and will reflect the concerns of project- affected parties and other interested parties.

14. The Client's assessment will include characterization of baseline conditions to a degree that is proportional and specific to the anticipated risk and significance of impacts. In planning and undertaking environmental and social assessment related to the biodiversity baseline, the Client will follow relevant GIIP utilizing desktop review, consultation with experts, and field-based approaches, as appropriate. Where further investigations are needed to evaluate the significance of potential impacts, the Client will carry out additional investigation and/or monitoring before undertaking any activities or initiatives, and before taking irrevocable decisions about project design that could cause significant adverse impacts to potentially affected habitats and the biodiversity that they support.

15. Where the environmental and social assessment has identified potential risks and impacts on biodiversity or habitats, the Client will manage those risks and impacts in accordance with the mitigation hierarchy and GIIP. The Client will adopt a precautionary approach and apply adaptive management practices in which the implementation of mitigation and management measures is responsive to changing conditions and the results of project monitoring.

⁸ Depending on the nature and the scale of the risks and impacts of the project, the Biodiversity Management Plan may be a stand- alone document or it may be included as part of the ESMP prepared under ESN.

⁹ Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken. Therefore, potential offsets should not be considered in determining inherent risks of the project.

C. Conservation of Biodiversity and Habitats

16. '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. Habitats vary in their significance for conserving globally, regionally and nationally important biodiversity, their sensitivity to impacts and in the significance different stakeholders attribute to them. Because, in most instances, habitat loss, degradation or fragmentation represents the greatest threat to biodiversity, much of the focus of biodiversity conservation actions is on maintaining or restoring suitable habitats.

17. This ESN requires a differentiated risk management approach to habitats based on their sensitivity and values. This ESN addresses all habitats, categorized as 'modified habitat', 'natural habitat', and 'critical habitat', along with 'legally protected and internationally and regionally recognized areas of biodiversity and ecological value' that may encompass habitat in any or all of these categories. To ensure objectivity and accuracy, the determination as to whether a habitat is natural, modified, or critical is made in consultation with recognized habitat and biodiversity experts and takes into account designations by national and local authorities.

18. For the protection and conservation of habitats and the biodiversity they support, the mitigation hierarchy includes biodiversity offsets¹⁰. Offsets will be considered as a last resort, only if significant residual adverse impacts remain after all technically and financially feasible avoidance, minimization, and restoration measures have been considered.

19. A biodiversity offset will be designed and implemented to achieve measurable, additional, and long-term conservation outcomes¹¹ that can reasonably be expected to result in no net loss¹² and preferably a net gain¹³ of biodiversity. In the case of an offset used as mitigation for residual adverse impacts on any area of critical habitat, a net gain is required. The design of a biodiversity offset will adhere to the "like-for-like or better" principle¹⁴ and will be carried out in alignment with

¹⁰ The Bank has reservations regarding the use of offsets due to the uncertainties inherent to the approach. Proposals for their use in Bank financed projects will be considered in a precautionary manner and the Bank reserves the right not to support their use on a case-by-case basis.

¹¹ Measurable conservation outcomes for biodiversity will be demonstrated in situ (in natural conditions, not in captivity or depository) and on an appropriate geographic scale (e.g., at the local, national or regional level).

¹² '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 minimize these impacts, to undertake on-site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale.

¹³ 'Net gains' are additional conservation outcomes that can be achieved for the biodiversity values for which the natural or critical habitat was designated. Net gains may be achieved through full application of the mitigation hierarchy that may include the development of a biodiversity offset and/or, in instances where the Client could meet the requirements of paragraph 24 of this ESN without a biodiversity offset, through the implementation of additional programs in situ to enhance habitat and protect and conserve biodiversity.

¹⁴ 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" (i.e., where the offset targets biodiversity of higher priority than that affected by the project). Regardless of type, any areas

GIIP.

20. When a Client is considering the development of an offset as part of the mitigation strategy, stakeholders and qualified experts with demonstrated knowledge in offset design and implementation will be involved. The process of developing an offset will include knowledgeable local community representatives, and will consider the communities' experience, and traditional or acquired knowledge, as well as the views of qualified external experts. The Client will demonstrate the long-term technical and financial feasibility of undertaking the offset. When offsets are proposed for residual adverse impacts on critical habitat, the Client will engage one or more independent internationally recognized experts to advise as to whether the proposed offset is feasible and whether, in their professional opinion, it can be reasonably expected to result in a sustainable net gain of biodiversity values for which the critical habitat was designated.

21. Certain residual adverse impacts cannot be offset, particularly if the affected area is unique and irreplaceable from a biodiversity standpoint. In such cases, the Client will not undertake the project unless it is redesigned to avoid the need for such offset, and to meet the requirements of this ESN.

D. Modified Habitat

22. 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 composition¹⁵. Modified habitats may include, for example, areas managed for agriculture, forest plantations, reclaimed¹⁶ coastal zones, and reclaimed wetlands.

23. This ESN applies to those areas of modified habitat that include significant biodiversity value, as determined by the environmental and social assessment required in ESN1. The Client will avoid or minimize impacts on such biodiversity (through further degradation and habitat conversion) and implement mitigation measures as appropriate.

E. Natural Habitat

24. 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.

considered as offsets for residual adverse impacts in critical habitats will also be critical habitats, meeting the criteria of paragraph 24 of this ESN.

¹⁵ A habitat will not be deemed to be a modified habitat where it has been converted in anticipation of the project.

¹⁶ Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.

25. If natural habitats are identified as part of the assessment, the Client will avoid adverse impacts on them in accordance with the mitigation hierarchy. Where natural habitats have the potential to be adversely affected by the project, the Client will not implement any project related activities unless:

- There are no technically and financially feasible alternatives; and
- Appropriate mitigation measures are put in place, in accordance with the mitigation hierarchy, to achieve no net loss and, where feasible, preferably a net gain of biodiversity and the maintenance of ecological functions over the long term.

26. The opinions and concerns of affected communities, as identified through the consultation process, should inform the design of the mitigation measures.

27. When residual impacts remain despite best efforts to avoid, minimize and mitigate impacts, and where appropriate and supported by relevant stakeholders, mitigation measures may include biodiversity offsets adhering to the principle of “like-for-like or better”.

F. Critical Habitat

28. Critical habitat is defined as areas with the highest biodiversity importance or value for one or more species, including:

- Habitat of significant importance to Critically Endangered or Endangered species, as listed in the IUCN Red List of threatened species or equivalent regional or national approaches.
- Habitat of significant importance to endemic or restricted-range species.
- Habitat supporting globally or nationally significant concentrations of migratory or congregatory species.
- Highly threatened or unique ecosystems.
- Ecological functions or characteristics that are needed to maintain the viability of the biodiversity values described above in (a) to (d).

29. In areas of critical habitat, the Client will not implement any project activities that have potential adverse impacts unless all of the following conditions are met:

- No other viable alternatives within the region exist for development of the project in habitats of lesser biodiversity value.
- All due process required under international obligations or national law that is a prerequisite to a country granting approval for project activities in or adjacent to a critical habitat has been complied with.
- The potential adverse impacts, or likelihood of such, on the habitat will not lead to measurable net reduction or negative change in those biodiversity values for which the critical habitat was designated.
- The project is not anticipated to lead to a net reduction in the population¹⁷ of any Critically

¹⁷ Net reduction is a singular or cumulative loss of individuals that affects 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

Endangered, Endangered, or restricted-range species, over a reasonable time period¹⁸.

- The project will not involve significant conversion or significant degradation of critical habitats. In circumstances where the project involves new or renewed forestry or agricultural plantations, it will not convert or degrade any critical habitat.
- The project's mitigation strategy will be designed to achieve net gains of those biodiversity values for which the critical habitat was designated; and
- A robust and appropriately designed, long-term biodiversity monitoring and evaluation program aimed at assessing the status of the critical habitat is integrated into the Client's management program.
- Relevant stakeholders are consulted in accordance with ESN10.

30. The Bank does not finance projects, activities or other initiatives in critical habitats downgraded merely to allow the project to proceed. In addition, where the habitat/biodiversity implications of a project would appear to be particularly severe, the Bank may decide not to finance the project.

31. Where a Client has satisfied the conditions set out in paragraph 26, the project's mitigation strategy will be described in a Biodiversity Management Plan (BMP)¹⁹.

G. Legally Protected and Internationally Recognized Areas of High Biodiversity Value

32. Where the project occurs within or has the potential to adversely affect an area that is legally protected²⁰, designated for protection, or regionally or internationally recognized²¹, the Client will ensure that any activities undertaken are consistent with the area's legal protection status and management objectives. The Client will also identify and assess potential project-related adverse impacts and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives or biodiversity importance of such an area.

the potential net reduction is determined based on 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.

¹⁸ The timeframe in which Clients will demonstrate "no net reduction" of Critically Endangered and Endangered, endemic and/or restricted-range species will be determined on a case-by-case basis and, where appropriate, in consultation with qualified experts and taking into account the species' biology.

¹⁹ The BMP can either be part of the ESMP or a standalone document. The BMP should have clear targets and specified timeframes. It should also address institutional capacity, financial support, legal protection, and security, in addition to the conservation of biodiversity and habitats at the genetic, species, and ecosystem levels, to assure the sustainability of mitigation actions. Incorporating a financing plan that ensures sustainability of mitigation actions should be explicitly included as part of the BMP and/or ESMP.

²⁰ This ESN recognizes legally protected areas that meet the following 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 purpose of this ESN, this includes areas proposed by governments for such designation.

²¹ Internationally recognized areas of high biodiversity value include World Heritage Natural Sites, Biosphere Reserves, Ramsar Wetlands of International Importance, Key Biodiversity Areas, Important Bird Areas, and Alliance for Zero Extinction Sites, among others.

33. The Client will meet the requirements of paragraphs 13 through 28 of this ESN 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 and involve protected area sponsors and managers, project-affected parties including highly vulnerable rural minorities (HVRM) which includes indigenous peoples, and other interested parties on planning, designing, implementing, monitoring, and evaluating the proposed project, as appropriate; and
- Implement additional programs, as appropriate, to promote and enhance the conservation aims and effective management of the area.

34. The Client will not support the de-gazetting or downgrading of protected areas status, and the Bank does not finance projects developed in areas that have been de-gazetted or downgraded for the purposes of encouraging or facilitating development.

H. Invasive Alien Species

35. Intentional or accidental introduction of alien, or non-native species of flora and fauna or their pathogens²² into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and destroying or out-competing native species.

36. The Client will not intentionally introduce any alien species unless this is carried out in accordance with the existing regulatory framework for such introduction. Notwithstanding the above, the Client will not deliberately introduce any alien species with a high risk of invasive behavior regardless of whether such introductions are permitted under the existing regulatory framework. All introductions of alien species will be subject to a risk assessment (as part of the Client's environmental and social assessment) to determine the potential for invasive behavior. The Client will implement measures to avoid the potential for accidental or unintended introductions including the transportation of substrates and vectors (such as soil, ballast, and plant materials) that may harbor alien species.

37. Where alien species are already established in the country or region of the proposed project, the Client will exercise diligence in not spreading them into areas in which they have not already become established or by undertaking activities that may enhance their competitiveness in comparison with native/indigenous species.

38. The Client will assess the feasibility and cost-effectiveness of eradicating or otherwise

²² It is important to consider the potential pathogens and diseases associated with non-native species of plants and animals, as they can have equally devastating impacts.

controlling the invasive alien species from the natural habitats over which the Client has management control.

I. Sustainable Management of Living Natural Resources

39. Clients with projects, activities or initiatives involving primary production and harvesting of living natural resources will assess the overall sustainability of these activities, as well as their potential impacts on local, nearby or ecologically linked habitats, biodiversity and communities, especially highly vulnerable rural minorities.

40. The Client will manage living natural resources in a sustainable manner, through the application of good management practices and available technologies. Where such primary production practices are codified in standards that are globally, regionally, or nationally recognized, particularly for industrial-scale operations, the Client and the Bank will agree on the standards to be applied. In the absence of relevant standards for the particular living natural resources in the country concerned, the Client will apply GIIP.

41. For projects involving small-scale producers²³, the Client will require producers to operate in a sustainable manner and to gradually improve their practices where such opportunities exist. Where the project consists of a large number of small producers in the same geographical area, the Client will assess the potential for cumulative risks and impacts.

42. Where the project includes commercial agriculture and forestry plantations (particularly projects involving land clearing or afforestation), the Client will locate such projects on land that is already converted or highly degraded (excluding any land that has been converted in anticipation of the project). In view of the potential for plantation projects to introduce invasive alien species and threaten biodiversity, such projects will be designed to prevent and mitigate these potential threats to natural habitats. When the Client invests in production forestry in natural forests, these forests will be managed sustainably. Where the Client invests in commercial crop plantations such palm oil, coffee, cocoa and tea these will be managed in accordance with relevant codes of best practice.

43. Where projects involve harvesting of living natural resources, the Client will require that these resources are managed in a sustainable manner. In particular, forests and aquatic systems are principal providers of these resources, and need to be managed as specified below:

- For projects involving industrial-scale commercial forest harvesting operations, the Client will

²³ Small scale can be determined by the national context of a given country and is generally relative to the average size of household landholdings.

ensure such operations are certified under an independent forest certification system²⁴ or adhere to a time-bound phased action plan acceptable to the Bank for achieving certification to such a system.

- For projects involving forest harvesting operations conducted by small-scale producers, by local communities under community forest management, or by such entities under joint forest management arrangements, where such operations are not directly associated with an industrial-scale operation, the Client will ensure that they: (i) have achieved a standard of sustainable forest management developed with the meaningful participation of project-affected parties including highly vulnerable rural minorities, consistent with the principles and criteria of sustainable forest management, even if not formally certified; or (ii) adhere to a time-bound action plan to achieve such a standard. The action plan will be developed with the meaningful participation of project-affected parties and be acceptable to the Bank. The Client will ensure that all such operations are monitored with the meaningful participation of project-affected parties.

- For projects involving industrial-scale harvesting of fish populations and all other types of marine and freshwater organisms, the Client will demonstrate that their activities are being undertaken in a sustainable manner, consistent with the principles and criteria for sustainable harvesting such as the principles and standards set out in the FAO Code of Conduct for Responsible Fisheries and complies with all relevant conservation and management measures. Industrial scale fishery activities are not necessarily related to fishing per se. Re-population or introduction of different populations or species, especially in closed environments such as lakes, shall ensure that the new stock does not destroy or displace existing local endemic/natural fish species.

44. For projects that do not involve primary production or harvesting of living natural resources and entail salvage logging, for example in areas to be inundated, the Client will limit clearance to that justified by the project's technical requirements and ensure that relevant national legislation is being followed.

45. The Client involved in the industrial production of crops and animal husbandry will follow GIIP to avoid or minimize adverse risks or impacts. The Client involved in large-scale commercial farming, including breeding, rearing, housing, transport, and slaughter, of animals for meat or other animal products (such as milk, eggs, wool) will employ GIIP²⁵ in animal husbandry techniques, with due consideration for religious and cultural principles. To minimize antimicrobial resistance (AMR), the Client will only use antibiotics on healthy food producing animals, judiciously, for the treatment of infection and as prescribed by a competent veterinary practitioner.

J. Genetically Modified Organisms

46. The Bank's approach to Genetically Modified Organisms (GMOs) will be consistent with the laws and policies of MCs and regional entities. Where the relevant provisions regarding risk-related assessments do not exist, the Bank will be guided by the Cartagena Protocol on Biosafety

²⁴ An independent forest certification system will require independent, third-party assessment of forest management performance. It will be cost-effective and based on objective and measurable performance standards that are defined at the national level and are compatible with internationally accepted principles and criteria of sustainable forest management.

²⁵ Such as the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations.

in this respect²⁶.

K. Primary Suppliers of Natural Resource Commodities

47. Where a Client is purchasing natural resource commodities, including food, timber and fiber, that are known to originate from areas where there is a risk of significant conversion or significant degradation of natural or critical habitats, the Client's environmental and social assessment will include an evaluation of the systems and verification practices used by the primary suppliers²⁷.

48. The Client will establish systems and verification practices which will:

- identify where the supply is coming from and the habitat type of the source area.
- Where possible, limit procurement to those suppliers that can demonstrate²⁸ that they are not contributing to significant conversion or degradation of natural or critical habitats; and
- Where possible and within a reasonable period, shift the Client's primary suppliers to suppliers that can demonstrate that they are not significantly adversely impacting these areas.

49. The ability of the Client to fully address these risks will depend upon the Client's level of control or influence over its primary suppliers.

²⁶ The Cartagena Protocol on Biosafety to the Convention on Biological Diversity is an international agreement that aims to ensure the safe handling, transport and use of genetically engineered organisms that result from modern biotechnology and that may have adverse effects on biological diversity, taking also into account risks to human health. It was adopted on 29 January 2000 and entered into force on 11 September 2003.

²⁷ 'Primary suppliers' are those suppliers who provide directly to the project goods or materials essential for the core functions of the project, set of activities or other initiatives, including during the implementation phase. 'Core functions' of a project constitute those production and/or service processes essential for a specific project activity without which the project, activities or other initiatives cannot continue.

²⁸ This may be demonstrated by delivery of certified products or achieving compliance with one or more credible standards for sustainable management of living natural resources in respect of certain commodities or locations. This will include, where appropriate, compliance with independent certification systems or progress towards achieving compliance.