

Implications of BES in high impact sectors & how BES affects lenders

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**Dr. Daniel Skambracks
KC Umwelt & Klima
KfW Entwicklungsbank**

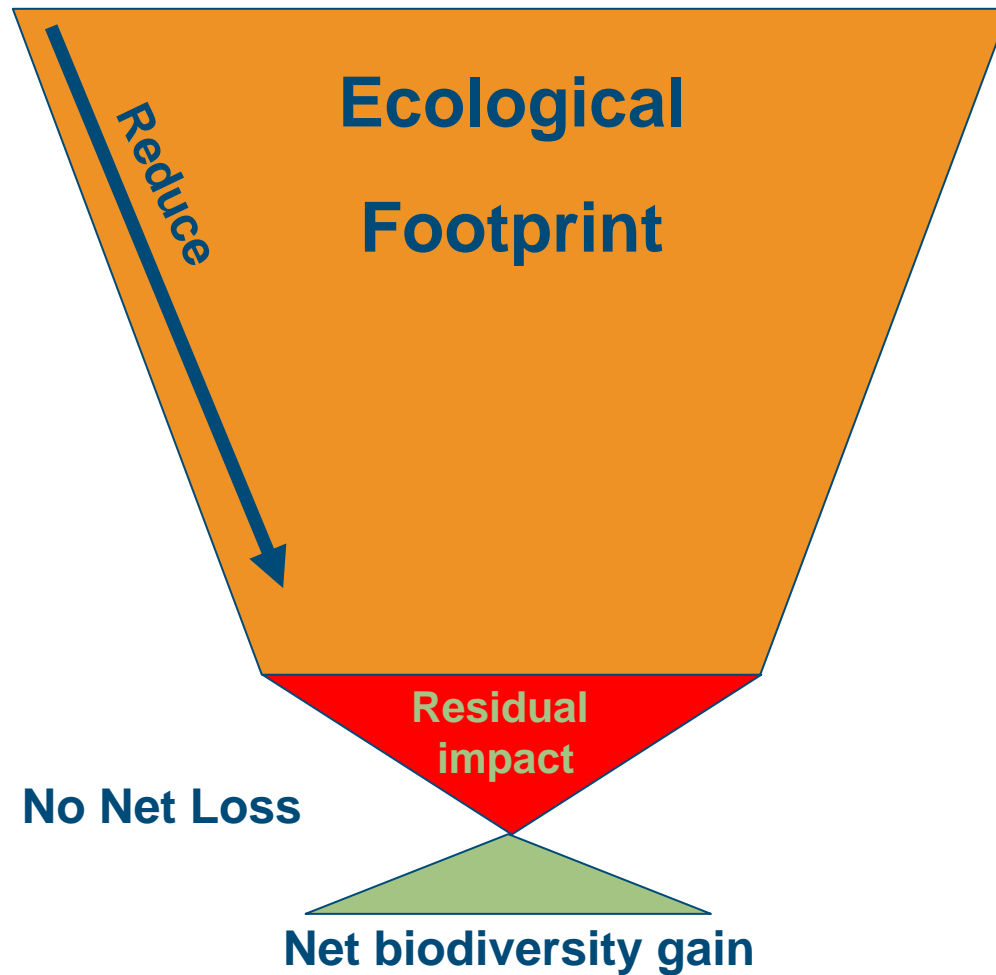


BES issues are becoming increasingly material for lenders

- Growing public awareness of BES vulnerability
- Increasing scientific knowledge
- Regulatory requirements increasingly take account of biodiversity
- Cutting Edge Standards for the financial sector increasingly take account of biodiversity
 - World Bank Group
 - Equator Banks
 - Common Approaches



The Mitigation Hierarchy: Common concept how to deal with BES issues



- avoid
- minimise / reduce
- relocate
- repair, renature
- **o f f s e t = last resort**
- additional positive results achievable?

Relevance of biodiversity offsets



For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets.

A Biodiversity offset should be designed and implemented to

- achieve **measurable** conservation outcomes that
- can reasonably be expected to
- result in **no net loss** and preferably a **net gain** of biodiversity;
- a **net gain** is required in critical habitats.

Definition from

latest draft of IFC Performance Standard 6 Guidance Note

Current application of mitigation hierarchy in the banking sector



UNEP FI / BBOP Paper: Biodiversity Offsets and the Mitigation Hierarchy: a review of current application in the banking sector (March 2010):

- Among financial sector poor understanding of the mitigation hierarchy
- Generally, banks do not apply in-depth analysis of biodiversity risks
- Application clearly distinct between
 - commercial and development banks
 - Equator Principles adopters and non-adopters



Key Messages for the Financial Sector.



- Commit clearly to sustainable finance:
 - **No Net Loss** of biodiversity.
 - Expand the mitigation hierarchy towards net benefit
- Provide staff speaking biodiversity.
- Integrate biodiversity into your risk management.
- Request politics to create frameworks making biodiversity business profitable in its own right, like offsets.
- Use traditional conservation promoting mechanisms to overcome market failures.

CBD COP 9, 19-30 May 2008 | Bonn, Germany
Integrating Economics of Ecosystems and Biodiversity into Strategies of the Financial Sector
Presented by the BMU and KfW Bankengruppe

Thank you for your kind attention

