The GBP Impact Reporting Working Group
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Suggested Impact Reporting Metrics for Biodiversity Projects

April 2020

The preparation of this material was **led by an informal Technical Working Group comprising EBRD, KfW, NIB and The World Bank, and kindly co-ordinated by EBRD**. Special thanks are extended to this Technical Working Group, for their detailed work, that drove the preparation of this document. **The material also benefited from generous input from members of the Impact Reporting Working Group**, **coordinated by EBRD and KfW**, with support from ICMA.

The GBP Impact Reporting Working Group currently consists of the following organisations:

Working Group Coordinators:

EBRD
KfW

Working Group Members:

Actiam	Luxembourg Stock Exchange
Amundi	MainStreet Partners
Anglian Water	Mirova
Ashurst Hong Kong office	Mizuho
Axa IM	Moody's
Bank of America	Morgan Stanley
Blackrock	Natixis
BNP Paribas	Nordic Investment Bank (NIB)
Crédit Agricole CIB	Nordea
Carbone4	OP Corporate Bank
Climate Bonds Initiative	Smith School of Enterprise and the Environment
Ceres	Social Value Institute
CICERO	Société Générale
EDF	South Pole
I Care & Consult	The Nature Conservancy
International Finance Corporation (IFC)	White & Case
ING	World Bank
Institutional Shareholder Services Inc. (ISS)	World Wild Fund for Nature (WWF)
JP Morgan	Yale Initiative on Sustainable Finance (YISF)
	Zurich Insurance

Green Bonds
Working Towards a Harmonised Framework for Impact Reporting for Biodiversity Projects

April 2020

Introduction

The overall goal of the green bond market is to promote and amplify the important role that financial markets can play in helping to address environmental issues. By explicitly specifying the environmentally beneficial projects to which the bond proceeds are directed, Green Bonds allow investors to assess and direct capital to environmentally sustainable investments. It is assumed that the green bonds referred to in this document are aligned with the Green Bond Principles ("GBPs")[1]. The GBP help enhance the integrity and transparency of environmental finance, including through recommending impact reporting.

In December 2015, a working group of eleven International Financial Institutions (IFIs) published a "Harmonized Framework for Impact Reporting"[2]. The framework outlined core principles and recommendations for impact reporting in order to provide issuers with reference and guidance for the development of their own reporting and provided core indicators and reporting templates for energy efficiency and renewable energy projects.

In common with the release of harmonised frameworks for impact reporting on sustainable water and wastewater management projects (in June 2017), for sustainable waste management and resource-efficiency projects[3] (in February 2018) clean transportation projects (in June 2018), and green buildings (in March 2019), **this document builds on the earlier framework and outlines a harmonised framework for impact reporting on biodiversity projects.** This is one of the ten broad categories of eligibility for Green Projects under the GBP 2018.

This document summarises the conclusions of an informal technical working group,[4] which has received broader input through the Impact Reporting Working Group convened by the GBP Executive Committee. It has been requested by many in the investor community, as reflected both in the GBP and in the responses to the formal consultations conducted by the GBP in 2016-2019.

> The GBP recommend the use of both qualitative performance indicators and, where feasible, quantitative performance measures with the disclosure of the key underlying methodology and/or assumptions used in the quantitative determination. This document provides **core quantitative indicators for biodiversity projects as well as reference reporting templates** that issuers can adapt to their own circumstances. These templates make reference to the most commonly used indicators, however, the working group acknowledges that other indicators might be relevant as well.

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[1] See: http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/green-bonds/

[2] See: http://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/20151202-0530-FINALRevised-Proposal.pdf

[3] https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Water-Wastewater-Impact-Reporting-Final-8-June-2017-130617.pdf and https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Waste-Management-Reporting-Metrics-and-Templates-Final-230218.pdf and https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Clean-Transportation-Reporting-Metrics-4-June-2018.pdf

[4] Participants: European Bank for Reconstruction and Development (EBRD), International Bank for Reconstruction and Development (IBRD), Kreditanstalt für Wiederaufbau (KfW), and Nordic Investment Bank (NIB).

The indicators proposed herein aim to capture and illustrate the environmental and sustainability benefits of projects relating to biodiversity, which are recognised by the GBP for Green Projects under one of the ten broad categories of eligibility for Green Projects:

"terrestrial and aquatic biodiversity conservation (including the protection of coastal, marine and watershed environments)"

While we understand biodiversity projects to also include those that are focused on the conservation and restoration of natural landscapes, including forests, this document only partially covers biodiversity in agricultural production systems, e.g. the transfer of unsustainable agricultural production into biodiverse food systems (agroecology) or biodiversity in urban environments. The authors of this document acknowledge the importance of developing harmonised indicators for such projects as well, which predominantly fall under the separate GBP project category of "environmentally sustainable management of living natural resources and land use"**.**

Biodiversity describes the variety of life on earth and the natural pattern it forms. It is understood in terms of a wide variety of plants, animals and microorganisms. Fragmentation, degradation, and outright loss of forests, wetlands, coral reefs, and other ecosystems pose the gravest threat to biological diversity.

According to the Convention on Biological Diversity (CBD)[5], three dimensions are key to biodiversity:

- The conservation of biological diversity (genetic diversity, species diversity and habitat diversity).
- The sustainable use of biological diversity.
- The fair and equitable sharing of the benefits arising out of the utilisation of genetic resources.

Biodiversity should be the primary or secondary goal of any project or portfolio of projects reported under this GBP category. Projects that focus primarily on other targets and approach biodiversity from the perspective of minimizing damage or managing biodiversity risks in projects should not fall under the biodiversity project category.

Projects targeting biodiversity are, for example, focused on safeguarding and/or developing protected terrestrial and marine areas and systems, forest conservation, or REDD (Reducing Emissions from Deforestation and Forest Degradation) and typically require a preliminary analysis and inventory of core species that need protection.

As the focus and objectives of biodiversity projects are highly dependent on individual circumstances of the relevant habitat, it is crucial to provide information on the core dimensions of the project, its specific characteristics and the metrics to analyse the results. The importance of the geographic context in the assessment of solutions reinforces the benefit of additional disclosures, such as the national, regional and local context and information on the population served.

While this document proposes certain specific quantitative impact reporting metrics, providing qualitative information, including all strategies, actions and plans for managing the impacts on biodiversity, appears to be of particular relevance for biodiversity projects. Such qualitative information is also encouraged to provide a meaningful context for understanding and assessing the baseline situation and the improvement as a result of the project, which may be further complemented by more general indicators such as Mean Species Abundance (MSA) and Potentially Disappeared Fraction (PDF) of species.

A key aspect should be the improvement of income and living conditions for the communities living adjacent to protected areas, for example through tourism or forest management. These measures aim to ensure that local people benefit from conservation and the sustainable use of natural resources, thus enhancing the conservation of protected areas' buffer zones and biological corridors.

[5] The Convention on Biological Diversity (CBD) is a multilateral treaty that was opened for signing at the UN Conference on Environment and Development in Rio de Janeiro in 1992. It has been ratified by the vast majority of countries worldwide.

For the purpose of data quality, issuers are encouraged to disclose additional technical reports, environmental impact assessments and/or data verification protocols where additional information could be provided, as well as links to the sources of such data and methods of calculation. The robustness of disclosures and/or the underlying methodology may be enhanced by making available any independent assessment from consultants, verification bodies and/or institutions with recognised expertise in environmental sustainability[6].

Core Indicators

A. Protected areas and Other Effective Area-based Conservation Measures (OECM)[7]

#1 Preserving terrestrial natural habitats

#2 Preserving marine natural habitats

Indicators:

- Maintenance/safeguarding/increase of protected area/OECM/habitat in km² and in % for increase
- Absolute number of predefined target organisms and species per km² (bigger fauna) or m² (smaller fauna and flora) before and after the project
- Absolute number of protected and/or priority species that are deemed sensitive in protected/conserved area before and after the project
- Changes in the CO_2, nutrient and/or pH levels for coastal vegetation, and coral reefs in %[8]
- Absolute number of invading species and/or area occupied by invading species in m² or km² before and after the project

Benchmarks:

- *IUCN Categories for Protected Areas (https://www.iucn.org/theme/protected-areas/about/protected-area-categories) and Management Effectiveness Tool (https://www.iucn.org/sites/dev/files/import/downloads/maangementeffectiveness2008.pdf)*

Note: Indicators referencing differences "before and after the project" may use ex-ante estimates of the project results before project completion.

B. Landscape conservation/restoration

Including Reducing Emissions from Deforestation and Forest Degradation (REDD)

Indicators:

- Maintenance/safeguarding/increase of natural landscape area (including forest) in km² and in % for increase
- Maintenance/safeguarding/increase of natural landscape area in urban areas in km² and in % for increase

[6] There are a number of organisations working on biodiversity impacts, especially focusing on biodiversity accounting, biodiversity footprint measurement and/or qualitative guidance for projects, which may provide a helpful reference, including ASN Bank, Biodiversity Accounting Financials, Capitals Coalition, CDC Biodiversité, EU Business@Biodiversity, GIIN, IUCN, UNEP FI, WBCSD, WWF

[7] IUCN-WCPA 2018 definition of OECM is "A geographically defined space, not recognised as a protected area, which is governed and managed over the long-term in ways that deliver the effective in-situ conservation of biodiversity, with associated ecosystem services and cultural and spiritual values".

[8] Issuers are encouraged to provide additional information for coastal and marine areas, for example on maintenance and restoration of coastal vegetation like mangroves; the increase of health of coral reefs by reducing disease (degree of bleaching, age and size of living corals), as well as by reducing the sedimentation rate, nutrients in water and direct human damage.

- Increase of area under certified land management[9] in km² or m² and in %(in bufferzones of protected areas)[10]
- Absolute number of indigenous species, flora or fauna (trees, shrubs and grasses…) restored through the project
- Annual GHG emissions reduced in tCO_2-e p.a.

Benchmarks:

- *Internationally recognised benchmark standards for sustainable forest management (e.g. FSC, PEFC, Rainforest Alliance*)

Other Sustainability Indicators

- Number of conservation workers (e.g. game wardens, rangers, natural park officials) trained in biodiversity conservation
- Number of forestry personnel trained in biodiversity conservation
- Number of farmers trained in sustainable farming and biodiversity
- Improvement of income of local populations in percentage
- Number and/or capacity of nurseries created under the project in terms of seedlings or number of individual trees/shrubs per year

Guidance and Definitions for Additional Human Rights and Social Disclosures

Assessing the improvements in living conditions for communities upholds the primacy of human rights considerations, which may include:

1. The right to free, prior and informed consultation and consent (FPIC) of indigenous peoples,
2. Other participation and co-determination rights, including complaint mechanisms,
3. Resettlements and restricted access to and use of natural resources (physical and economic displacement) resulting from the establishment and management of protected areas,
4. Rebuilding the livelihoods of the local population, compensation arrangements,
5. Human rights violations in the context of combating poaching and law enforcement,
6. Handling historical cases of injustice concerning the establishment of protected areas (e.g. lack of consultation, lack of support for rebuilding lost livelihoods) that still have an impact on the present day-situation.

[9] Certified land management is an externally audited set of processes and activities that seek to improve environmental and animal welfare outcomes together with improvements in the productivity and risk management of landholdings.

[10] This should not be reported as a sole indicator, but in conjunction with information on the corresponding protected area.

I. Reporting Templates

Biodiversity

Illustrative Summary Template for Project-by-Project Report:

Protected areas/ OECM projects	Signed Amount a/	Share of Total Project Financing b/	Eligibility for green bonds	Biodiversity component	Allocated Amount c/	Project lifetime d/	Maintenance/ safeguarding/ increase[11] of protected area/ OECM/ habitat		Number of predefined target or protected organisms/ species before and after the project		Changes in the CO_2, nutrient and/or pH levels for coastal vegetation, and coral reefs[12]	Number of invading species and/ or area occupied by invading species before and after the project		Other Indicators
Project name f/	*currency*	*%*	*% of signed amount*	*% of signed amount*	*currency*	*in years*	*km²*	*%*	*per km² (bigger fauna)*	*per m² (smaller fauna, flora)*	*%*	*per km²*	*per m²*	
e.g. Project 1	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	e.g. number of game wardens/rangers trained in biodiversity conservation etc.

Landscape conservation and restoration projects	Signed Amount a/	Share of Total Project Financing b/	Eligibility for green bonds	Biodiversity component	Allocated Amount c/	Project lifetime d/	Maintenance/ safeguarding/ increase[4] of natural landscape area		Increase of area under certified land management (in bufferzones of protected areas)		Number of indigenous species, flora or fauna restored through the project	Annual GHG emissions reduced e/	Other Indicators
Project name f/	*currency*	*%*	*% of signed amount*	*% of signed amount*	*currency*	*in years*	*km²*	*%*	*km²*	*%*	*absolute number*	*in tonnes of CO_2 equivalent*	
e.g. Project 1	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX XX	e.g. number of farmers trained in sustainable farming and biodiversity etc.

[11] Issuers should specify if "maintenance", "safeguarding" or "increase" applies.

[12] Issuers are encouraged to provide additional information for coastal and marine areas, for example on maintenance and restoration of coastal vegetation like mangroves; the increase of health of coral reefs by reducing disease (degree of bleaching, age and size of living corals), as well as by reducing the sedimentation rate, nutrients in water and direct human damage.

Illustrative Summary Template for Portfolio-based Report:

Protected areas/ OECM portfolios	**Signed Amount a/**	**Share of Total Portfolio Financing b/**	**Eligibility for green bonds**	**Biodiversity component**	**Allocated Amount c/**	**Average portfolio lifetime d/**	**Maintenance/ safeguarding/ increase[13] of protected area/ OECM/ habitat**		**Number of predefined target or protected organisms/ species before and after the project**		**Changes in the CO_2, nutrient and/or pH levels for coastal vegetation, and coral reefs[14]**	**Number of invading species and/ or area occupied by invading species before and after the project**		**Other Indicators**
Portfolio name	***currency***	***%***	***% of signed amount***	***% of signed amount***	***currency***	***in years***	***km²***	***%***	***per km² (bigger fauna)***	***per m² (smaller fauna, flora)***	***%***	***per km²***	***per m²***	
e.g. Portfolio 1	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	e.g. number of game wardens/rangers trained in biodiversity conservation etc.

Landscape conservation and restoration portfolios	**Signed Amount a/**	**Share of Total Portfolio Financing b/**	**Eligibility for green bonds**	**Biodiversity component**	**Allocated Amount c/**	**Average portfolio lifetime d/**	**Maintenance/ safeguarding/ increase[4] of natural landscape area**		**Increase of area under certified land management (in bufferzones of protected areas)**		**Number of indigenous species, flora or fauna restored through the project**	**Annual GHG emissions reduced e/**	**Other Indicators**
Portfolio name	***currency***	***%***	***% of signed amount***	***% of signed amount***	***currency***	***in years***	***km²***	***%***	***km²***	***%***	***absolute number***	***in tonnes of CO_2 equivalent***	
e.g. Portfolio 1	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX	XX XX	e.g. number of farmers trained in sustainable farming and biodiversity etc.

[13] Issuers should specify if "maintenance", "safeguarding" or "increase" applies.

[14] Issuers are encouraged to provide additional information for coastal and marine areas, for example on maintenance and restoration of coastal vegetation like mangroves; the increase of health of coral reefs by reducing disease (degree of bleaching, age and size of living corals), as well as by reducing the sedimentation rate, nutrients in water and direct human damage.