



WWF

SUMMARY

2016

PROTECTING PEOPLE THROUGH NATURE

A SHORT GUIDE FOR FINANCIAL INSTITUTIONS

WWF HAS RELEASED A GLOBAL REPORT PREPARED BY DALBERG GLOBAL DEVELOPMENT ADVISORS, PROTECTING PEOPLE THROUGH NATURE: NATURAL WORLD HERITAGE SITES AS DRIVERS OF SUSTAINABLE DEVELOPMENT. THE FULL REPORT IS AVAILABLE AT: WWF.PANDA.ORG/MAKEYOURMARK

THIS SHORT SUMMARY OUTLINES WHAT FINANCIAL INSTITUTIONS NEED TO KNOW TO BETTER MANAGE THEIR RISK ASSOCIATED WITH WORLD HERITAGE SITES.

More than 17,000 people work in Belize's fisheries industry. They and their families directly depend on the health of the reef for their well-being.¹

EXTRACTIVE OPERATIONS ARE INCOMPATIBLE WITH WORLD HERITAGE STATUS

THE RISK TO FINANCIAL INSTITUTIONS

Extractive companies continue to pursue projects within, or that might impact on, natural World Heritage sites despite the clear position of the World Heritage Committee that extractive operations are incompatible with World Heritage status². Harmful industrial activities in and near to these protected areas threaten to degrade their natural capital, which is critical for sustaining people's livelihoods and well-being both today and for future generations. Unsustainable operating practices such as these combined with the absence of appropriate governance can have a significant impact on a company's long term value, posing an issue for financial institutions.

The finance sector has an important role to play to help secure the future of World Heritage sites. Financial institutions should have transparent policies, practices and reporting procedures in place that ensure that they do not provide any services to extractive companies whose activities would be damaging to World Heritage sites. The institutions should also have clear processes to manage potentially negative issues that arise with large scale infrastructure projects that could threaten to degrade the value of World Heritage sites. Furthermore, financial institutions should engage with the extractive sector at an industry level to achieve improved disclosure on this issue and the adoption of industry-wide no go and no impact commitments across the sector.

WHY IS THIS IMPORTANT?

Natural World Heritage sites are recognized globally for their outstanding universal value and exemplify some of the world's most famous areas of natural beauty and biodiversity. The report by Dalberg³ recognises the important economic, social and environmental benefits that natural World Heritage sites provide to people, estimating that 11 million people globally depend on them for their livelihoods and well-being. Natural World Heritage sites provide vital resources including food, fuel and the provision of water, as well as other environmental benefits such as soil stabilisation, flood prevention and carbon sequestration services. Dalberg also notes that sites "also make a considerable contribution to national economies through tourism, recreation and the export of resources, and over 90 per cent of natural World Heritage sites provide jobs."¹

One of the main findings of the report produced by Dalberg for WWF is that almost half of all natural World Heritage sites are threatened by harmful industrial activities such as exploration or extraction of oil, gas and minerals, or through large-scale infrastructure projects such as dams, pipelines, roads and mega ports. Such activities not only threaten to degrade the outstanding universal value of natural World Heritage sites, but they also degrade the benefits they provide to people. As the report notes:

"When conducted at a large-scale in or surrounding protected areas, industrial activities can cause substantial, even permanent, damage to those sites, and can affect their ability to provide long-term support for local communities. These harmful activities are often, but not exclusively, conducted by multinational enterprises and their subsidiaries, and include oil and gas exploration and extraction, mining, illegal logging, construction of large-scale infrastructure, overfishing and unsustainable water use."

"some oil and gas firms, such as Shell, Total, SOCO and Tullow, have also committed not to explore for, or extract, hydrocarbons within World Heritage sites"

"avoiding these harmful industrial activities and focusing on sustainable, carefully managed alternatives will enhance World Heritage sites and the benefits they provide."

EXTRACTIVE ACTIVITIES WITHIN WORLD HERITAGE SITES

For more than a decade, the World Heritage Committee has consistently maintained a position that oil, gas and mineral exploration or exploitation is incompatible with World Heritage status, and has encouraged companies in these sectors to consider these as no go places for their activities. In 2003, the members of the International Council on Mining and Metals⁴ committed not to undertake exploration or exploitation activities within World Heritage sites. The report notes that, in recent years, "some oil and gas firms, such as Shell, Total, SOCO and Tullow, have also committed not to explore for, or extract, hydrocarbons within World Heritage sites." Yet some governments continue to grant or sell exploration rights within, or in close proximity to, World Heritage sites or have passed legislation that permits extractive industry activities in these areas despite their protected status.

WORLD HERITAGE SITES ARE AT RISK FROM HARMFUL INDUSTRIAL ACTIVITIES

Based on a combination of WWF research on the extent of extractives activity in natural World Heritage sites⁵ and analysis of threats by the International Union for the Conservation of Nature (IUCN), Dalberg's report finds that 114 of the 229 natural and mixed World Heritage sites, have oil, gas or mining concessions overlapping them or are listed as being under "high threat" or "very high threat" from at least one harmful industrial activity. The Dalberg report states "avoiding these harmful industrial activities and focusing on sustainable, carefully managed alternatives will enhance World Heritage sites and the benefits they provide."

WWF DEFINES HARMFUL INDUSTRIAL ACTIVITIES AS:

Operations that cause major disturbances or changes to the character of marine or terrestrial environments. Such activities are of concern due to their potential to involve large impacts on the attributes of outstanding universal value and other natural, economic and cultural values. The impacts of these activities are often long-term or permanent. They can also be of concern due to their impacts on the sustainability of local livelihoods, and/or because they put at risk the health, safety or well-being of communities. Harmful industrial activities are often, but not exclusively, conducted by multinational enterprises and their subsidiaries.

Extractive operations, such as mining, quarrying, and oil and gas exploitation, and their related infrastructure, are currently recognized as one class of activity that is covered by this definition. Other activities are also to be considered, including dams, commercial ports, linear infrastructure (e.g. pipelines, roads and railroads), industrial farming and forestry, and other types of over-exploitation⁶

For a more in depth look at the risks associated with oil, gas and mining in World Heritage sites please see Safeguarding Outstanding Natural Value: The role of institutional investors in protecting natural World Heritage sites from extractive activity (2015) by WWF, Aviva Investors and Investec Asset Management available at www.wwf.org.uk/toovaluabletorisk



Since 1998, scientists estimate that 40 per cent of the reef in Belize has been damaged by activities including overfishing, agricultural run-off and unsustainable coastal construction⁷.

WWF'S CALLS TO ACTION FOR FINANCIAL INSTITUTIONS BASED ON THE RECOMMENDATIONS OF THE DALBERG REPORT, AND ACKNOWLEDGING THE POTENTIAL FOR NATURAL WORLD HERITAGE SITES TO DELIVER LONG-TERM SUSTAINABLE DEVELOPMENT OUTCOMES FOR PEOPLE AND THE PLANET.

WWF CALLS ON FINANCE ENTITIES TO:

- Comply with the highest standards for responsible business conduct when adhering to national and international laws, as well as recognized international guidelines such as the OECD Guidelines for Multinational Enterprises.
- Act as responsible stewards of capital, in recognition of the potential for World Heritage sites to be drivers of inclusive growth.
- Ask extractives companies to make public and formal no go commitments to refrain from activities that threaten to degrade the capacity for protected areas, and World Heritage sites in particular, to support the livelihoods and well-being of local communities.
- Develop and adhere to robust policies with regard to financing projects in protected areas, and refrain from financing projects involving harmful industrial activities in World Heritage sites or the companies conducting them.
- Conduct strategic environmental assessments, environmental impact assessments and human rights due diligence in full compliance with international norms and standards and industry best practice, including appropriate levels of community consultation and engagement on the basis of publicly available documents.
- Identify, in collaboration with non-governmental organizations and civil society groups, ways in which business activities can contribute positively to sustainable development outcomes for the communities in which businesses operate.

SPECIFIC CALLS TO ACTION FOR BANKS

- Review lending policies and specifically check policy on World Heritage sites during 2016:
 - Does the bank have a policy on World Heritage sites?
 - Is the policy robust and what business lines does it apply to?
 - Assess if it needs to be strengthened, and if so, how?
 - Does it go beyond project finance? How?
 - Does it cover advisory services?
 - How can implementation of the policy be improved?
 - What are the common issues that arise?

SPECIFIC CALLS TO ACTION FOR INVESTORS

- Identify where your investments are across the World and assess how investments may overlap with World Heritage sites by the end of 2016.
- Engage with extractive companies from 2016 on the need for them to adopt strict no go policies for World Heritage. Investors can engage on the issue unilaterally with companies or collectively with other investors.
- Have a plan in place if a period of engagement is unsatisfactory.

Financial institutions have an important role to play to direct capital away from harmful industrial activities in favour of sustainable, carefully-managed alternatives that would enhance World Heritage sites and ensure that they support local communities both now and in the future. Finance entities can and should help secure the future of World Heritage sites. Join us in safeguarding these iconic places.

ENDNOTES

- 1 All quotes in this report are taken from Protecting People Through Nature: Natural World Heritage Sites as Drivers of Sustainable Development, WWF International and Dalberg Global Development Advisors, 2016, wwf.panda.org/makeyourmark E . Osipova et al., The Benefits of Natural World Heritage: Identifying and Assessing Ecosystem Services and Benefits Provided by the World's Most Iconic Natural Places, IUCN, 2014, portals.iucn.org/library/efiles/documents/2014-045.pdf
- 2 Since at least 2003, the UNESCO World Heritage Committee has held that "oil, gas and mineral exploration and exploitation are incompatible with World Heritage status." For example: UNESCO, World Heritage Centre, Government of Belize bans offshore oil exploration at Belize Barrier Reef Reserve System World Heritage site 2015, <http://whc.unesco.org/en/news/1393>
- 3 Protecting People Through Nature: Natural World Heritage Sites as Drivers of Sustainable Development, WWF International and Dalberg Global Development Advisors, 2016, wwf.panda.org/makeyourmark
- 4 The ICMM comprises 23 mining and metals companies and 35 national and regional mining and commodity associations.
- 5 WWF, A Global Assessment of Extractive Activity within Natural World Heritage sites, 2015, assets.wwf.org.uk/downloads/a_global_assessment_of_extractives_activity_within_natural_whsfinal.pdf
- 6 Protecting People Through Nature: Natural World Heritage Sites as Drivers of Sustainable Development, WWF International and Dalberg Global Development Advisors, 2016, wwf.panda.org/makeyourmark
- 7 R. Harrabin, Reef At Forefront of CO2 Battle, BBC, 12 June 2006, news.bbc.co.uk/1/hi/sci/tech/5064870.stm; L. Bly, Belize's Coral Reef is Gorgeous but Threatened, USA Today, 14 March 2008, usatoday30.usatoday.com/travel/news/environment/2008-03-13-belize_N.htm

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wwf.org.uk/what_we_do/changing_the_way_we_live/finance

Protecting people through nature

11 MILLION

People who depend on threatened World Heritage sites.

114

Natural and mixed World Heritage sites under threat from harmful industrial activities..



90%

The percentage of natural World Heritage sites that provide jobs.

2/3

Two-thirds of natural World Heritage sites provide water.



Why we are here

To stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

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