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Biodiversity compensation: expansion of industrial extraction and land grabs



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Biodiversity Compensation: Expansion Of Industrial Extraction And Land Grabs

Our Viewpoint

Destroy here and destroy there: The double exploitation of biodiversity offsets



This issue of the WRM bulletin is focused on one of the key strategies that (mainly extractive) industries use to expand within the framework of the so-called "green economy": biodiversity offsets. We believe it is important to warn about the strong corporate push that is trying to get governments to relax their environmental laws, and thus allow certain industrial activities to take place in areas previously considered to be unviable. The only requirement is that the biodiversity destroyed upon implementing the industrial activity be "offset." These offset projects incur double destruction, exploitation and domination: on the one hand, of lands affected by industrial activities, and on the other hand, of lands targeted for offset projects. The latter generally entail severe social and cultural destruction.

In order to understand the rationale behind "offsets", whether they be for biodiversity, carbon, water or anything the like, it is important to always keep the following in mind: the main purpose of these compensation mechanisms is to enable the dominant economic model—which is dependent on fossil fuels—to continue to thrive and expand. In the context of the current socio-environmental crises, adopting offsets was necessary for both governments and companies responsible for these crises to *appear* to be taking action to move towards a "greener" model. Yet this smokescreen, full of misleading discourse and empty promises, actually further deepens these crises.



Considering this starting point, we can understand why offset mechanisms *do not* seek to stop the driving forces behind the destruction of territories and forests. On the contrary, they enable destructive activities to expand into areas which, until recently, were impossible to imagine being handed over for exploitation. This is how mining, petroleum, infrastructure, monoculture plantations, mega-dams and many other industries—along with the thousands of kilometres of access roads, workers' camps, drainage ditches and other impacts these industries cause—continue to grow their operations and profits. Let us not forget that the dominant economic model, which is structurally racist and patriarchal, unloads almost all of its destruction, invasion and violence on indigenous peoples and peasant families, so as to keep exploiting, producing and accumulating profits.

Offsets also make it easier for industries and their allies (governments, conservation NGOs or others) to access more and more land. At the end of the day, offsets have become a green light for destructive activities to proceed within a legal framework; never mind that areas which previously could not have been legally or legitimately destroyed now will be. The only requirement is that the biodiversity destroyed at the site of operations be recreated or replaced elsewhere. In order to achieve this, the argument goes, the biodiversity lost in the area that is destroyed must be "equivalent" to the alleged protection or (re)creation in the area chosen to supposedly replace what is destroyed. Yet this "equivalence" argument actually covers up important contradictions and questions of power, territorial rights, inequalities, violence and colonial history.

Since the aim is not to stop the destruction, but rather to "offset" it, most offset projects are focused on indigenous peoples' and other traditional forest-dependent communities' territories. In many cases, forest-dependent communities are required to surrender their land—or control of it—in the name of the offset project. Offset mechanisms thus incur double destruction, exploitation and domination—on the one hand, of land affected by extractive/capitalist industrial activities, and on the other hand, of territories targeted for offset projects. The latter generally do not involve environmental destruction, since they supposedly protect an area for conservation; however experience has shown that they do, indeed, entail severe social and cultural destruction.

"Offset areas" must be under some kind of threat, at least on paper—since, if this were not the case, why would a project be needed to protect them? Thus, almost all projects identify traditional communities as the main threat to conservation. Numerous restrictions are placed on communities' access to, control of, and rights to use these forests that are turned into offsets. Project proponents argue that "conservation" can only be "successful" through the dominant Western approach (which has its roots in colonization); that is, through the creation of fenced-off parks, or "nature without people." Usurping forest-dependent communities' customary rights and territorial control—and hence also their traditions, cultures and livelihoods—is fundamentally racist and violent. (See more on Environmental Racism in [Bulletin 223 from April 2016](#).)



So, how do so-called biodiversity offsets work in practice?

First and foremost, offsets for loss of biodiversity must be able to measure and quantify "biodiversity." The elements that will be destroyed must be established and categorized in order to later be recreated elsewhere, or to ensure that the protection of another area has an "equivalent" amount of these elements. Of course, reducing the destruction of a territory—in a specific place and time, and with a specific history and stories—to mere categories and measurements, ignores the coexistence of peoples, cultures, traditions and interconnections within forests and lands, as well as many other aspects. The only thing that matters in this logic is that which can be measured, and therefore exchanged or replaced.

The investment criteria of multilateral banks—such as regional development banks or the World Bank—aim to influence countries' environmental legislation. In this vein, the International Finance Corporation (IFC), the private sector arm of the World Bank, changed its Performance Standard 6 in 2012. Any company wishing to access an IFC loan for a project that will destroy what the IFC considers to be "critical habitat," must present a plan stating that the biodiversity destroyed will be compensated elsewhere. Accordingly, governments mainly from the Global South are increasingly relaxing their environmental laws to follow the "rules" established by corporate power—concentrated in financial institutions. They can now accept the viability of certain operations previously considered to be unviable, as long as they offset the biodiversity which will be destroyed upon project implementation.

Many biodiversity offset projects are presented as "conservation projects". About many of them, there is scarce and difficult-to-access information. In these cases, forest-use restrictions imposed on communities are also framed within conservation arguments. This is very problematic: it covers up the fact that, in practice, offset projects prevent communities from carrying out subsistence agriculture, hunting or fishing activities, meanwhile permitting corporations to extract petroleum or build mega-dams in areas that are often protected due to their biological diversity. Once again, the prevailing economic model—reinforced by the offset system—reveals its dominating and racist characteristics.

Worse yet, in some cases, companies claim they even "create" "more biodiversity"; for example, when in addition to the offset project, they implement complementary activities—such as planting trees to "enrich the biodiversity" of the area. They call this having a "net positive impact." The result is that a mining company—which is extremely destructive—can advertise that its activities not only have no impact, but are also positive for the environment. Meanwhile, communities are forced to change their practices, a few might be offered employment as park rangers – reporting on whether their relatives and neighbours comply with the rules imposed by the offset project -, or leave their territories because they can no longer obtain a livelihood from the land.

In other words, biodiversity offset mechanisms are a strategy for destructive industries to expand even more without violating legislation. The diverse life that



is destroyed can never be recreated or replaced. Each space, time and interconnection is unique. These kinds of compensation mechanisms—whose proponents seek to turn them into national and regional policies, international treaties, and ultimately the "status quo,"—impose a worldview based on dominating others' lives. Clearly, this is not a fortuitous imposition, but rather a violently racist one.

Therefore, it is essential to actively stand in solidarity with struggles to defend lands and territories, and simultaneously expose these mechanisms for what they are. This is necessary in order to break paradigms of domination and open up space—not only to respect, but to learn from, the many other worlds that exist.

Enjoy the reading!



Brazil, Mining and Biodiversity

From environmental degraders to environmental services providers: When the line between destroying and conserving is merely rhetorical



The parliamentary coup that brought Michel Temer's illegitimate government to power, was not what set in motion one of the central goals of Brazil's current mining policy: to expand mineral production and its contribution to the national GDP. That goal, recently announced by the Temer government, already existed in President Dilma Rousseff's 2013 presentation of motions, when she sent the Legislature a proposal for a new Mining Code for the country. The crucial difference between the two governments is perhaps that with Rousseff the State was given a greater coordination and planning role given to the State in that process. During the debate on a new Code, Congress blocked these intentions. The group of congress people financed by large mining companies (1) made sure to remove all proposals guaranteeing any kind of public governance on mining policy from the new law, and to include articles that further expanded market access possibilities for mineral resources (2).

Congressional parliamentary amendments restricted the conditions the government had proposed on the authorization of titles; and they simplified concession procedures, diminishing the State's ability to define priorities on which minerals and areas should be exploited. The amendments also included articles that increased guarantees to mining companies to access land and water, granting them the right to use all the water necessary to operate their concessions. Likewise, they gave the National Mining Agency—to be created under the new law—the prerogative to expropriate lands for mining. The new Code sought to neutralize the effects of laws and regulations that, by guaranteeing rights, create restrictions on mining activity. One of the proposed amendments was to allow mining exploitation in conservation areas, where this activity is currently prohibited; and to require the National Mining Agency's approval to create protection areas for certain stakeholders (such as conservation



units, indigenous lands and quilombola territories—communities formed by slaves who managed to escape captivity).

With Temer, the debate on the Code has lost centrality, as the government itself has accelerated the implementation of Parliament's proposals through provisional measures and ordinances.

The current fall in the price of mineral commodities creates a favorable climate for these measures to be implemented, as a way to sustain a sector that brings commercial revenue to the country, and to maintain the stability of an economic policy that is highly dependent on external resources. However, considering cycles of rise and fall in commodity prices, the Temer government's greatest legacy on mining policy will be laying the foundation for the country's mining companies to maximize profits during the next price boom.

Auctioning off borders, reserves and traditional peoples' lands to Big Capital

In one swift movement, Temer's government wants to create the National Mining Agency through a precautionary measure, and open up Brazil's border areas to mining exploitation. This takes decision making on border area activities away from the National Defense Council, and allows companies mostly with foreign capital to act in these areas—which is currently prohibited.

In order to restore "investor confidence and re-establish legal certainty", the Ministry of Mines and Energy (MME) has publicly committed to simplifying concession procedures in order to reduce the timeframe to begin mining projects. It has also committed to auctioning more than 300 areas that the Mining Resources Research Company (state entity linked to the MME) has already investigated, most of which contain confirmed deposits (3). Through a provisional measure, the MME also aims to define changes in calculation rates and the distribution of mining royalties, which were under discussion for the new Code (4). Since the objective is to attract investors, the tax burden will probably continue to be highly beneficial for this sector. In addition to enjoying countless tax benefits, the mining sector in Brazil has one of the lowest royalty rates in the world; the formula used to calculate these rates is very attractive, since—unlike in most countries—it uses net instead of gross turnover (5).

Another measure that supports mining expansion in the country is the MME's Ordinance N° 126, which initiated the decline of the National Copper Reserve and Associates. The Reserve was created in the early 1980s, with the intention of exploiting existing mineral reserves in the area—mostly rich in gold—through a special regime, and under the control of the Mining Resources Research Company. The Reserve area, located in Pará and Amapá states, covers 46,000 square meters; and it was kept closed to mining companies. With the disappearance of the Reserve, the government wants to leave the area to private initiatives, catering to constant demands by mining companies, which consider its mineral reserves volume to be as important as the Carajás mining province. The bad news for the mining sector is that 69 percent of the reserve area currently



overlaps with indigenous lands and conservation units, where mining is not permitted.

The declarations made in April by then president of the National Indian Foundation (FUNAI, by its Portuguese acronym) that indigenous lands should be opened to mining, as well as the modification of provisional measures MP 756 and 759 which propose to reduce protected areas in the Amazon by thousands of hectares—areas where there are strong mining and agricultural interests—points to the convergence between the government and sector representatives that have control in Congress. Bills that attack the national system of conservation units, aim to change environmental licensing laws or even eliminate them (PL 3729/2004, PL 654/2015, PEC 65/2012), and seek to open indigenous lands and traditional populations' territories to mining and other economic activities with huge socio-environmental impacts (PL 1610/1996, PEC 215/2000), are gaining momentum at this juncture. And the government shows willingness to move them forward.

The perverse logic of conservationist rhetoric that creates equivalence between degrading and conserving

So far, this is nothing new. Relaxing constitutional environmental protections and restricting territorial rights do not, in and of themselves, constitute new agendas for the mining and agribusiness sectors. The new strategy refers to developing a rhetoric that seeks to create equivalence between degradation and conservation. At the heart of the argument is the hypothesis that it is possible to strike a balance between a project's impacts on biodiversity, and the benefits obtained through its voluntary offset initiatives.

This transformation occurs through a set of strategies that include deregulating mandatory environmental protections (as we are currently seeing), and creating legal, conceptual and methodological bases to measure both the biodiversity losses caused by large development projects, and the gains in conservation obtained through *biodiversity offset* activities. In practice, these are investments to conserve areas where there is an ecosystem similar to the one destroyed. Supposedly, this could enable companies to have a "zero net loss" in biodiversity, and even a "net gain" for conserving a "quantity" of biodiversity equal to or greater than that which was destroyed. In addition to creating a positive image for certain sectors (whose activities have known negative impacts on biodiversity), achieving "measurable net gains" in biodiversity makes it possible to create environmental "assets," which, transformed into commodities of comparable quality and quantity, could be sold.

Through a discursive political maneuver, polluters become "environmental service providers," and new commodities are created, enabling the emergence of new markets. These initiatives also increase access to land for companies which, in addition to already having territorial and spatial control over the areas where they conduct their activities, also end up having control over lands used for offsets.

This lobby has already been effective in Brazil. In 2014, the Biodiversity and Forests Secretary of the Ministry of Environment participated in a gathering about



offset models applied to mining. The global mining sector, by the way, is the one that has subscribed most to this initiative (6). The Secretary publicly defended the importance of developing tools to build the biodiversity market (7).

In 2010, the Brazilian Business Movement for Biodiversity was created (MEBB, by its Portuguese acronym). This entity seeks to influence the development of Brazil's biodiversity strategy, and one of its central goals is to improve legal and regulatory frameworks on issues such as appraisal of and access to biodiversity.

As of 2017, the company Hydro, which has a bauxite mine in Paragominas (Pará State), has purported to achieve a "no 'net loss' in biodiversity." To reach this goal, it has financed "biodiversity restoration" and monitoring activities in the only remaining forested area in Paragominas. Such activities include cataloguing of the variety of species and their behaviors, and developing pilot research on restoration techniques and methods to measure results (8).

Alcoa has followed a similar path in Juruti Velho (west of Pará state), where it also extracts bauxite. With the goal of "generating a net positive impact" on biodiversity, the company has voluntarily invested in the maintenance of three environmental parks, in Poços de Caldas (18 hectares), São Luís (1,800 hectares) and Tubarão (12 hectares). It has also developed programs to rehabilitate mining areas, where it defines biodiversity "indices," in order to establish performance metrics for ecosystems businesses. According to the company's sustainability manager, this is "one of the main challenges of corporate biodiversity management." (9)

While Brazil anticipates requiring mandatory offset actions for biodiversity loss due to activities with high environmental impact, mining companies' interest in carrying out these actions has led to territorial disputes. In the state of Minas Gerais, the National Steel Company (CSN, by its Spanish acronym) and Ferrous Resources of Brazil are in a legal battle over an area which, despite having no iron ore, is valuable for creating environmental offsets for their mining activities (10).

Behind the conservationist rhetoric on biodiversity offsets, there is a consolidation of new biodiversity markets in the medium term, which will impose new forms of territorial regulation connected to institutions and multi-scalar actors (financial market operators, cooperation agencies, consultants, etc.). This market consolidation also grants companies—which have been heavily denounced for socio-environmental impacts and rights violations—the power to define nature, place a value on it, and protect it under a utilitarian and colonial paradigm. This paradigm ignores and imposes upon the multiple forms of biodiversity stewardship and production that peasants, indigenous peoples and other traditional peoples have historically carried out, through their creativity and social struggle. The areas where they live are now the frontiers for these new forms of capital accumulation.

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- (1) The study [*Quem é quem nas discussões do novo código da mineração*](#) ("Who's who in the discussions on the new mining code"), prepared by the [Brazilian Institute for Social and Economic Analysis \(IBASE, by its Portuguese acronym\)](#), analyzed campaign donations made by the largest mining companies operating in the country (Vale, Votorantim, AngloGold, Usiminas, Kinross and MMX). It showed the enormous political influence that mining companies have, along with parliamentarians who make decisions on the issue: those who received the most donations are precisely the members of the Mines and Energy Commission—a permanent fixture in the House and the Special Commission on Mining—which exists specifically to discuss reform of the Code.
- (2) For an analysis of the proposal for the new regulatory framework on mining, and the amendments made by congressional representatives, see: <https://fase.org.br/pt/acervo/documentos/o-novo-codigo-mineral-menos-governanca-publica-sobre-o-aproveitamento-dos-recursos-minerais-e-mais-imprescricao-na-garantia-de-direitos-aos-afetados/>
- (3) See <http://www.brasilmineral.com.br/noticias/governo-quer-restaurar-confian%C3%A7a-de-investidores> and <http://www.cnf.org.br/noticia/-/blogs/setor-mineral-espera-capital-estrangeiro-em-futuros-leiloes>
- (4) See <http://economia.estadao.com.br/noticias/geral,mp-que-cria-agencia-da-mineracao-esta-pronta-para-ser-publicada,70001784332>
- (5) See the [technical note](#), recently published by the Institute for Socio-Economic Studies (INESC, by its Portuguese acronym), which analyzes in detail the fiscal and tax aspects of big mining in Brazil (referring to, respectively, the State's capacity to access mining revenues, and the means or instruments through which these revenues are collected).
- (6) In 2012, 38 companies signed onto "net loss zero commitments," which consist of developing "offset" activities for "losses" in biodiversity. 15 of them were industries from the mining sector. See *Environmental regulation in the Green Economy: Changed to facilitate destruction*. WRM Newsletter 212. <http://wrm.org.uy/articles-from-the-wrm-bulletin/section1/environmental-regulation-in-the-green-economy-changed-to-facilitate-destruction/>
- (7) See <http://www.canalrural.com.br/noticias/agricultura/compensacao-voluntaria-para-biodiversidade-tera-projeto-piloto-brasil-45300>
- (8) See <http://www.otempo.com.br/capa/economia/mineradora-destr%C3%B3i-em-minas-e-compensa-no-nordeste-1.811277>
- (9) See <http://www.hydro.com/pt-BR/a-hydro-no-brasil/Imprensa/Noticias/2014/Biodiversidade-na-floresta-tropical-do-Brasil/>
- (10) ABDALA, Fabio. *Mineração e biodiversidade: uma associação viável e necessária para a sustentabilidade dos territórios com mineração*. 3º. Anuário Mineral do Pará 2014. Simineral, Belém/PA, March 2014.



Biodiversity offsetting and biodiversity corridors in Asia: Nature destruction and protection acting in tandem



This year, 2017, the Asian Development Bank (ADB) celebrates its 50th anniversary. Since the Bank was founded, it has invested more than US\$ 250 billion dollars in the region. Much of this money has been allocated into large-scale extractive projects as well as in regional “economic corridors” that integrate infrastructure to facilitate the export flows of minerals and other commodities. Although lending to projects that cause significant deforestation is, in theory, not permitted, a significant number of ADB-funded projects have left behind a record of environmental and social destruction: deforestation, biodiversity loss, displacement of forest-dependent peoples and destruction of their livelihoods (1). Confronted with this, people have resisted the Bank’s lending policy, organized mobilizations and struggles throughout the continent to defend their territories, forests and livelihoods.

After 50 years, however, instead of a fundamental change, the Bank’s response has been to implement specific so-called “safeguard” policies that allow it to continue promoting destructive projects while claiming sustainability. We focus this article on the biodiversity offsets and biodiversity corridors. The new wolf disguises to allow the continuation of an expanding economic model based on large-scale extraction.

ADB’s biodiversity offset policy: a “gain” in biodiversity?

In theory, the Bank’s safeguards should secure that no destruction takes place. The latest version of the ADB’s safeguard policy document dates from 2009. Two striking aspects should be mentioned.

The first one is the fact that the ADB does not make a link between its lending practice to destructive projects and to what the ADB itself recognizes as a situation with “declining water quality and quantity, loss of biodiversity,



deforestation and desertification, elevated pollution levels, and negative impacts on human health.” It also recognizes that “these threats tend to disproportionately affect the poor”. However, the ADB does not assume responsibility for this. At best, one can read statements that point out to the safeguard policies as the “remedy”.

The second striking aspect, which derives from the first, is that instead of the logical decision to halt or at least drastically reduce its lending to destructive projects, the ADB suggests that if significant environmental destruction which cannot be avoided, minimized or mitigated is the result, the project holder can use the compensatory mechanism of biodiversity offsetting in order “to achieve no net loss or a net gain of the affected biodiversity” (see introductory article in this bulletin). The document further explains that projects inside “natural habitats”, “critical habitats” or “legally protected areas” - where no destructive intervention should be allowed at all -, still can be allowed if “mitigation measures” make sure that there will be “no net loss of biodiversity”. Such measures “may include a combination of actions, such as post project restoration of habitats, offset of losses through the creation or effective conservation of ecologically comparable areas that are managed for biodiversity while respecting the ongoing use of such biodiversity by indigenous peoples or traditional communities, and compensation to direct users of biodiversity”. (2)

The policy not only opens the door for protected areas to be exploited but also, and even more astonishingly, it suggests that continuing with destructive projects can result in a “gain of the affected biodiversity” if an “ecologically comparable area” that is threatened, according to the project holder, is being conserved.

Since biodiversity offsetting is a 2009 ADB policy, several borrowers of the Bank’s money have set up biodiversity offset projects since, as is the case with the Sarulla Geothermal Power Development Project in Indonesia (3) and the Nam Ngiep 1 Hydropower Project in Lao PDR (4). The offset projects will in fact allow the geothermal power plant and the hydropower dam to claim to be sustainable as their unavoidable destruction is being offset somewhere else even though they have clear social and environmental impacts. But overall, still few biodiversity offset projects appear in a search on the ADB website. One way to explain this is the fact that biodiversity offsets is considered a “last resort”, which means that, according to the ADB, often measures to “minimize” or “mitigate” would be sufficient. At the same time, related to biodiversity, the ADB, at least for the Greater Mekong Region, has given a lot of emphasis on biodiversity conservation corridors. Another tactic of the ADB to attempt addressing the critique of being actively promoting environmental destruction but paving the way for more “compensatory” measures instead in order to justify the continuation of the destruction.

Biodiversity Conservation Corridors: another economic corridor

The “biodiversity conservation corridors initiative” (BCI) is a plan supported by the ADB, Greater Mekong Region governments – China, Lao, Myanmar, Cambodia, Thailand and Vietnam - and big conservation NGOs like WWF,



Birdlife International, IUCN, Wildlife Conservation Society and Conservation International. The plan has also received support from some Northern governments. The objectives are to improve connectivity of habitats, combating the forest fragmentation as a result of drivers of deforestation. And at the same time, the BCI aims to reduce poverty of the communities. (5)

BCI's approach has been to identify the most important biodiversity conservation landscapes/watersheds in the region. By 2005, nine of these were already identified. The role of the BCI has been then to connect these so-called core conservation areas, as a way to combat the on-going process of forest and biodiversity fragmentation and conserve "ecosystem services" (such as carbon or water cycles). In the first phase of the project (2006-2011) eight pilot sites of BCI were set up, totalling more than 1.2 million hectares. According to the project document, many things have been achieved, like the setting up of "development funds" or the establishment of "forest ecosystem services/hectare", "conservation practices" by communities and the creation of "livelihoods opportunities to reduce dependence on forest resources".

However, the BCI approach actually prepares the floor for REDD+, which is one of the explicit objectives of the new phase of the BCI project in Lao, for example. (6) This means that local communities' use of and access to the forests they have been conserving tends to become restricted through this plan, as ecosystem services need to remain "preserved", threatening peoples socio-cultural practices that depend on the forests. In October 2016, the ADB approved a US 12.8 million dollars for the BCI project in Lao, a grant from the ADB's strategic climate fund and the World Bank's Forest Investment Programme (FIP), with the latter also set up to prepare for REDD+. According to a Lao newspaper article about this grant approval, "In the project area, Attapeu and Xekong provinces stand out as hotspots of rapid deforestation and forest degradation, mainly due to swidden agriculture by local communities (..)". (7)

The BCI acknowledges that economic growth in the region has resulted in severe threats for biodiversity conservation as well as been a notorious driver of large-scale deforestation due for example to the expansion of road networks that improve the regional "integration" or the several large-scale hydrodam projects, both activities funded by the ADB over the years. But instead of putting a halt to investments into such activities, the BCI states that "these investment plans need to be embedded within an ecosystem management approach". The Plan goes on arguing that if not it will put at risk "the nature and magnitude of ecosystem service flows, including biodiversity conservation and carbon sequestration benefits for local communities and undercutting the performance and sustainability of investments". In other words, destructive projects can continue as long as some sort of "compensatory" conservation measures are put in place for the remaining most conserved areas, with an emphasis on protecting "ecosystem services". This in turn would benefit communities and investors.

Looking at the figures of identified ecosystem services in the BCI plans, carbon turns out to be the most important "service" in terms of its financial value. The experience with forest carbon credits –also known as REDD projects- has been



that this mechanism is in the interest of the polluting industry in the first place as a way to continue polluting. Also, a handful of conservation NGOs are very much in favour of this, working in tandem with polluting companies; and finally, consultants, carbon companies and certifiers, as well as governments are also interested for the money that can be obtained from this market and business. Communities living within such corridors receive little or no benefits, they rather receive restrictions and prohibitions to their forest use as if they were the main threat for the forests. (8)

It is no surprise and at the same time very concerning that the BCI blames first the people living in the areas to be conserved and their shifting cultivation practices when it starts pointing to the drivers of deforestation, before mentioning others such as concessions for forestry and logging activities. Population growth in the communities, including the influx of migrants, is also being mentioned as a factor that would put more pressure on forests, without however questioning why and where these people are migrating from in the first place?

Another thing that calls attention in this approach is that the project documentation of the BCI curiously makes a parallel between economic and ecological corridors. It argues that in both cases an “unhindered” movement, either of goods, or of natural species, is crucial. Besides, if both types of corridors would not exist, the argument continues, the “Greater Mekong Subregion development agenda is likely to be threatened”. Indeed, this revealing remark makes sense because, in their view, for economic growth to continue within a “green economy” framework there is a need for “compensatory” conservation practices, like biodiversity corridors based on ecosystem services, REDD+ and biodiversity offsets. The real “price” is then paid especially by forest-dependent communities as it is mostly their territories which are the target for implementing the compensation projects. Another sign of how much the biological corridor is based on the economic one becomes visible in the language adopted in the BCI project documentation, for example, giving local indigenous communities the title of “resource managers”.

The strategic role and relation between economic and biodiversity corridors for governments in the region and their cooperation with the ADB becomes even more evident in the 2016 ADB publication called “ASEAN-ADB Cooperation Toward the Asean Community”, presenting a vision for 2025. Among the six priorities highlighted to realize this vision, one says that “through environmental sustainability we can help to mitigate the negative effects of integration by managing critical ecosystems and biodiversity corridors”. What “integration” means is explained in the main of the other six priorities: “The first priority is physical connectivity. Connecting markets and propelling future growth by upgrading parts of the ASEAN Highway Network (..)” and “greater energy security through cross-border power interconnection and trade”(9).

It is urgent to better understand the impacts of the biodiversity corridors and biodiversity offset projects on forest-dependent communities in Asia, both those promoted with support of the ADB as well as others promoted by other financial institutions, conservation NGOs and private companies. Moreover, it is



imperative to understand that these measures are just another disguise for allowing extractivist industries and infrastructure projects to continue and expand. The underlying logic of these plans shows the real interests and beneficiaries of the Asian Development Bank and other project promoters. Forest-dependent communities on the other hand, are the true face and practice of conservation, radically opposed to a destructive economic system.

If someone has more information of what is happening on the ground where such projects are being promoted and/or would like to denounce negative impacts of these projects, please get in touch with the WRM international secretariat.

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- (1) <https://focusweb.org/page/adb50/>
- (2) ADB "Safeguard policy statement", 2009.
<https://www.adb.org/sites/default/files/institutional-document/32056/safeguard-policy-statement-june2009.pdf>
- (3) Sarulla Geothermal Power Development Project, biodiversity offset-management plan, 2015, <https://www.adb.org/sites/default/files/project-document/213991/42916-014-emp-02.pdf>
- (4) Nam Ngiep 1 Hydropower Project in Lao PDR, 2014, Biodiversity offset design plan, <https://www.adb.org/sites/default/files/project-document/81682/41924-014-eia-03-jul-2014.pdf>
- (5) <http://www.gms-eoc.org/uploads/resources/40/attachment/Biodiversity%20Conservation%20Corridors%20Initiative%202006-2011.pdf>
- (6) <http://www.gitec-consult.eu/index.php/en/projects?view=project&id=50>
- (7) <https://laotiantimes.com/2016/10/19/adb-supports-sustainable-biodiversity-management/>
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A 2014 Gabonese law on "Sustainable Development" permits the trading of carbon, biodiversity, ecosystem and community capital credits to offset destruction that companies cause. However, this law is still unclear and is open to various interpretations.



Gabon: Plans to market carbon, biodiversity, ecosystems and community "capital"



In 2014, the Gabonese government passed a new "Sustainable Development" Law, which authorizes companies to compensate for the destruction they cause in forests or traditional lands by buying offset credits. These are divided into four different kinds of credits: carbon credits, biodiversity credits, ecosystem credits and community capital. The latter is defined as "the sum of natural and cultural assets belonging to a community."

This market system would allow the different kinds of credits to be fully interchangeable, so that it would be possible to exchange "community capital" for other components, such as carbon or biodiversity. However, the text of the law is not clear, and gives rise to various interpretations.

In order to understand the implications of this law and the current situation, we interview **Protet J. Essono Ondo**, coordinator of the Gabonese platform, *Gabon Ma Terre Mon Droit*, and former Program Coordinator of the Gabonese NGO, Brainforest.

Why is this kind of law so detrimental to advancing environmental and social justice?

In its position statement from January 24, 2015, the *Gabon Ma Terre Mon Droit* platform (GMTMD) pointed out the damage this law could cause to the advancement of social and environmental justice, and it described a series of repercussions the law could have on communities and the environment.

It is a very troubling law; the lack of definition of various points mentioned in the text suggests the creation of a system which would authorize exchanging communities' rights for other "sustainable development" elements.



One of the immediate concerns is regarding ownership of "community capital," a concept which is included in the law but which is in itself very confusing; because nowhere does it specify who owns this capital. The law defines "community capital" as "the sum of natural and cultural assets *belonging to a community*" [author's emphasis], and "community heritage" as the "sum of natural and cultural assets and values which constitute the capital of a community" [author's emphasis]. These two definitions suggest that "community capital" belongs to a community—as would be expected in any recognition of communities' rights—and that "community capital" would therefore not be determined nationally as the sum of all communities' assets in the country. Yet, the fact that it is considered as a kind of "sustainable development credit," and part of Gabon's sustainable development heritage accounted for in the national registry, suggests that community capital can be calculated at the national level instead of at the community level. Hence, such community capital would be managed by the State, and not by the communities themselves. This would be a first step toward dispossessing communities.

Another worrisome aspect is that by including community heritage under the logic of the Sustainable Development Law—suggesting that sustainable development would be created by activities carried out within the framework of a "sustainable development concession"—could the concessionaire also lay claim to this heritage? This would be detrimental to communities, and there could potentially be conflicts. This is even more worrisome given that the law does not include any kind of representation or consultation process with the communities when it mentions the "management bodies," which would measure and supervise the trading of sustainable development credits.

Even more disturbing is that the "sustainable development impact study"—through which the sustainable development "credits" of each project would be calculated—does not include any criteria related to communities' rights. The only criterion which could have any impact on community members is the creation of jobs. Thus, if "community capital" is exchanged for other credits within the national sustainable development registry, this means that the government would make decisions about the "value" of a community's rights, lands and resources behind closed doors. Furthermore, it would use a method of calculation which does not even include community assets. This clearly goes against the very notion of rights.

Equally disturbing is the apparent proposal to make sustainable development credits—including community credits—tradeable throughout the country. Indeed, the creation of a national sustainable development registry suggests this. This would mean that, for example, a company could take over and degrade a community's traditional lands; and then "offset" that degradation by purchasing or producing credits by building a school for another community 300 kilometers away. As long as the law does not specify whether these kinds of credits are qualitatively or geographically interchangeable, this would be possible. Regarding geographic interchangeability, it is also unclear whether this refers to regions within the same country or between different countries; meaning that forest degradation taking place in Gabon could be offset, for example, in Cameroon.



Worse yet, this law suggests that one kind of "credit" could be exchanged for another kind,—given that community credits, and carbon, ecosystem or biodiversity credits are all sustainable development credits. Thus, both the calculations and exchanges would occur within the same national sustainable development registry. Incredibly, this means that a community could lose their lands, and that this loss could be "offset" by buying "carbon credits"—that is, using the limited requirement of maintaining a certain amount of forest cover as a carbon sink (again, this could end up being in another part of the country).

If these scenarios came to pass, they would have frightening consequences. The idea of "community offsets" that are undifferentiated geographically and qualitatively tramples human rights, and it treats one person's basic human needs as commodities that can be traded for another's. Indeed, this idea could even jeopardize sustainable development as understood in Article 2 of the law in question, which defines it as: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs...It integrates economic, social and environmental objectives in a balanced manner."

When the law was adopted, there was still a lot of content open to interpretation. Has there been any progress since then, in terms of regulations or policies to implement it?

Immediately after adopting the law in 2014, with the financial support of PAGOS, a consortium of consultants was contracted to carry out technical studies related to both the Sustainable Development Impact Study (EIDD, by its French acronym) and the Gabonese Sustainable Development Registry (RGDD, by its French acronym). The consortium was composed of Group Ecocert, a French certification multinational; ADETEF, the group in charge of international cooperation within the French government; Carbone 4, a French consulting firm; and the French environmental consulting firm, AQUATERRE. The EIDD and RGDD were two tools prior to implementing the Sustainable Development Guidance Act (LODD, by its French acronym).

Aside from two leaflets published with the help of consultants and presented in the international climate negotiations in Lima in December 2014, (1 – Gabon's Sustainable Development Guidance Act Implementation Program; and 2 - Sustainable Development in Gabon: From environmental awareness to the Gabon Emergent Strategic Plan) there has been no official progress on regulations or other text to implement the law in question.

Up to April 2015, when the GMTMD platform was last in contact with the consulting consortium, the consultants were facing a number of problems that they were unable to contextualize or even understand, such as:

- The definitions given in Article 2 of the Sustainable Development Guidance Act (LODD): The consultants continued to call on civil society



organizations (CSOs) to suggest points that needed further attention and elements needed to clarify these definitions.

- With regard to the Principles, Criteria and Indicators to Evaluate Sustainable Development Impact: The 19 basic principles of sustainable development, articulated in Article 3 of the LODD, should be described so that they can be understood: this description should include the national context, origin and scope of each principle. Once again, the consultants requested contributions from civil society, given that each of the 19 principles of the LODD must be associated with one or more verifiable and quantifiable criteria and indicators (either quantifiable in a strict sense, or by attributing a rating after applying a scale). According to this logic, it would be necessary to specify a range of sustainability values for each indicator. Furthermore, thresholds should be established for each indicator, in order to define when a project would not be acceptable, and when a project could receive sustainable development credits.
- There was also the matter of which criteria should be taken into account in deciding whether to submit projects for a Sustainable Development Impact Study (Article 6 of the LODD), and what the corresponding thresholds for those criteria should be: Which contextual elements (project economic sector, project location, current practices, best practices within the sector, etc.) should be proposed in order to adapt the list of criteria and the value of associated thresholds?

However, since then, there has been no official communication about this process.

In your opinion, why has the law not yet been implemented?

While the law was, indeed, passed—and since it is a framework law, certain legislative texts and sectoral laws passed since 2014 have referenced it—the fact remains that the LODD is still not in effect. This is because definitions in Article 2 still need clarification. Furthermore, the different mechanisms (EIDD, RGDD, etc.) which would help implement the law have not yet been developed or established. It is also important to note that:

- The financial mechanisms and instruments which would allow for "implementation of projects that conform to the national sustainable development strategy" have not yet been defined. (Title IV of the law)
- The institutional framework needed to apply the law (Title VI of the law) does not yet exist, because the National Council on Sustainable Development, the National Council on Land Use, the Sustainable Development Fund, and most importantly, the corresponding Administrative Organization, have not yet been created.

For all the reasons listed, among others, the law remains inapplicable to date.



Colombia: Environmental Offsets, Legitimizing Extraction



Colombia is one of the first Latin American countries to set up and implement specific rules and regulations on biodiversity offsets. In addition to article 50 of law 99 from 1993, both resolution 1503 from 2010, and law 1450 from 2011 establish the need to standardize environmental offset mechanisms. And in 2012, the Ministry of the Environment approved the National Policy for the Integral Management of Biodiversity and its Ecosystem Services (PNGIBSE, by its Spanish acronym), whose strategic focus is to *"strengthen activities and institutions related to the evaluation of environmental impacts, the recovery of environmental liabilities, and the **allocation of environmental offsets for biodiversity loss, linked to environmentally licensable projects, at the national, regional and local levels**"* (1).

Later that same year, with the support of transnational NGOs like WWF and The Nature Conservancy, the Manual for Allocating Offsets for Loss of Biodiversity (MACPB, by its Spanish acronym) was adopted through Resolution 1517. Companies applying for an environmental license in the mining, hydrocarbon, infrastructure, electrical, maritime or port sectors are obligated to use this manual. Applying the manual involves determining and quantifying offsets, starting from the planning stage of licensable projects. This must take into account three aspects: establishing how much to compensate in terms of area, where to compensate, and how to do so with a "no net loss" approach—wherein the loss in biodiversity in one site can be offset at another site using "ecological equivalence"; that is, through deceptive accounting.

Colombian environmental sectors criticized both the 2011 law and the manual. One of the main criticisms was that the handful of transnational NGOs involved have close ties to, and receive funding from, the very corporations that need the offsets in order to maintain and increase their levels of destruction. Also, there was no consultation with various Colombian actors, such as academia and national and local organizations (2).



Based on these regulations, and on the discourse that promotes reducing the carbon footprint, the Regional Autonomous Corporation of the Negro and Nare River Basins (CORNARE) proposed the creation of "BanCO2" to carry out biodiversity offset plans, through an alliance with Bancolombia, the Climate and Development Alliance (CDKN), WWF and the Natura Foundation (3).

Cornare launched BanCO2 in 2013, and it was rapidly adopted by other Regional Autonomous Corporations. It is being implemented through an alleged cooperation or payment to rural families, through the support of the Regional Autonomous Corporations (currently numbering 20) and the investment of companies such as the energy companies ISAGEN, Ecopetrol and Petrobras, the mining companies AngloGoldAshanti Colombia and Antioquia Gold, the cement company Argos, the public utilities company EPM, and others. These companies are listed as "offsetters;" that is, they are the ones that pay a fee to supposedly compensate for their environmental degradation. In this way, paying to conserve a certain area in some part of Colombia allows these companies to continue with their extractive industries in others.

Three examples of BanCO2:

- To the east of Antioquia department in the San Roque municipality, the Gramalote project of multinational mining company, AngloGoldAshanti Colombia, pays 15 farming families to protect 215 hectares. However, this gold mining project covers an area greater than 9,413 hectares in six municipalities, potentially affecting 50,000 people. What's more, while AngloGoldAshanti is able to present itself as an "environmental caretaker" in the BanCO2, this South African multinational has 504 mining titles in Colombia and another 3,074 applications which could possibly displace and affect thousands of families throughout the country (Censat Agua Viva, 2016).

- The Public Utilities Companies of Medellín (EPM, by its Spanish acronym) is a Colombian multinational which is currently building the Hidroituango mega-dam, for which it has cut down more than 4,500 hectares of tropical dry forest, one of the most threatened ecosystems in Colombia. Through BanCO2, this company's offset for its enormous environmental damage has been a payment to 56 families, which over three years will amount to 1,209 million Colombian pesos (about US \$421,482). EPM's profits in 2016 were 1.86 billion Colombian pesos (about US \$619,392,994) (Gómez & Echeverry, 2017).

- "Peace Forests" is a Ministry of Environment and Sustainable Development program which proposes to design productive activities "in order to generate marketable goods and services and contribute to conservation..." through 2017 resolution 0470. Through this program, 3,500 million pesos (about US \$1,172,409) will be invested in the municipality of Granada in agroforestry practices on 1,200 hectares of forest (4). The goal is to create 150 Peace Forests throughout the country by planting around 8 million trees in the next two years, along with with environmental offset strategies such as BanCO2 (5).



The implementation of BanCO2 launches a real debate on the rights of use in peasant and farming territories. Even though ownership of lands does not change, when farmers enroll in the BanCO2, those who exercise power over land use does change. Farming families lose decision-making power over their territory, and they give it to regional corporations who are in charge of enforcing compliance with these commitments, in service to the market.

Additionally, the "Habitat Bank" strategy was recently created through Decree 2099 in 2016, and the Ministry of Environment and Sustainable Development publicly launched it in 2017. The Habitat Bank will be launched with a private investment of US \$1.5 million, to restore and conserve 605 hectares of land in the municipality of San Martín, Meta department. This program "seeks to have companies, which are obligated to offset the negative impacts they cause on the environment, do so through lands predestined for conservation and restoration." This US \$1.5 million investment is financed by the Multilateral Investment Fund (MIF) and the Inter-American Development Bank (IDB) (6).

As we can see, conservationist offset projects which play up companies' "social and environmental responsibility" are a deft maneuver to double their profits. Legitimizing their policies translates into higher stock prices for them; it is a kind of endorsement to continue expanding. Companies aim to construct an image of themselves as redeemers of territories, focusing on highly publicized offset measures; yet their ecological credentials are questionable, to say the least.

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Madagascar: The “offsetting non-sense”



"It is an absurdity, as well as an injustice that they take away our forest claiming that they want to protect it, while in reality it is only a way for them to continue to devastate, with their mines, another forest somewhere else."

This is how we were received sometime ago by the assembly of the village of Antsontso, a small community at the far south of Madagascar. It was September of 2016. For the third time in a few years, the Italian organization Re:Common decided to go back to the big island to continue unveiling the scam of biodiversity offsetting, which is making the fortune of mining companies and the misery of communities around the world.

What is biodiversity offsetting about?

For some years now, transnational companies, mostly involved in mining, industrial agriculture and construction of large infrastructure projects, along with international financial institutions such as the World Bank and the European Bank for Reconstruction and Development, some major international groups for the conservation of nature and an increasing number of governments have started to use, more and more frequently, a strategy known as “biodiversity compensation,” or biodiversity offsetting.

According to them, this mechanism would help protecting biological diversity, with the argument that for every hectare destroyed by the companies’ operations, the biodiversity and ecosystem functions linked to those same hectares of land would be protected or restored elsewhere.



“A mine at the rescue of biodiversity”?

Rio Tinto’s QMM mine in Fort Dauphin, Madagascar, in the Anosy region, has been operating since 2005. It has a permit to dredge 6,000 hectares of unique littoral forest, in order to extract ilmenite, an industrial whitener used in a number of products, from paint to toothpaste. The operation has been removing the last strands of forest in the south-eastern edge of the island, one of the most biologically and culturally diverse areas in the world.

In order to counter-balance the talks around the negative impacts to such a fragile and precious environment, in the past years, Rio Tinto (RT) has paved the way to push back against environmental criticisms of its operations by investing millions of dollars into an internationally supported Biodiversity Action Plan. Despite being the most powerful multinational mining company in the world, with socio-environmental conflicts spread across six continents, RT managed to obtain recognition as the “global champion” in the protection of biodiversity. To achieve that, the multinational company made strategic alliances with influential conservation groups as well as with accredited experts in the academia, who enabled the corporation to publicly claim that the ilmenite mine “came to save the unique biodiversity of the coastal area of Fort Dauphin”.
(1)

The Rio Tinto/QMM biodiversity offset project in Madagascar is, in fact, the most widely advertised offset project in the mining sector. It is intended to compensate for biodiversity loss resulting from the destruction of the unique and rare coastal forest at Rio Tinto QMM’s ilmenite mining site, by “preserving” a forest in Bemangidy-Ivohibe, some 50 kilometres to the north of the mining site. “Preservation” however is translated in the introduction of restrictions to local communities on their forest use.

A joint Re:Common and World Rainforest Movement (WRM) field investigation in September 2015 aimed to collect the views of villagers living in the vicinity of one of the three sites that make up the Rio Tinto QMM biodiversity offset plan for the company’s ilmenite mine in Fort Dauphin (2). Our conversations with the villagers of Antsontso, where the compensation project is carried out, revealed that the real situation is very different from the stories told by the company abroad.

In particular, the biodiversity offsetting project has made the livelihoods of the people living at the compensation site even more precarious by imposing extremely severe restrictions to their forest use, almost the unique source of survival for the people in the area. Income-generating alternatives to alleviate the loss of access to the forest had been promised but have yet to materialise. Meanwhile, people are confronted with a daily struggle to feed themselves.

In September 2016, about one year later, the ground-braking video-documentary, *Your Mine* (3), was shot with the inhabitants of Antsontso, which allowed to unveil who is really benefiting from the biodiversity offsetting project, and who is carrying the unbearable consequences of it.



Scaling up the protest

In order to strengthen the solidarity with the people of Antsonso, so harshly impacted by the restrictions imposed on the access to their forested lands, as well as to support their quest for justice, Re:Common, together with a group of European-based groups, engaged in supporting the community's attempt to bring their voices to where decisions are usually taken, and where often stories told much differ from the reality on the ground. Rio Tinto's 2017 Annual General Meeting with the Shareholders was going to be unusual, since it would host Antsontso community representatives, as part of the wider civil society joint action to draw attention on QMM's social license to operate. The villagers representing the community affected by QMM's biodiversity offsetting programme, which has left them without fertile lands and no compensation for the loss of their forest access, food security and livelihoods, were supposed to bring new questions for the company to answer.

But Antsontso villagers were told a few days before their travel date that their UK visas were denied. The reasons given belied not only questionable prejudices of the UK Government towards indigenous peoples but also raised serious, unaddressed suspicions of company interference.

The community member who had planned to attend the Annual General Meeting was outrageously informed by British officials that he had a "lack of qualification" to speak about environmental and human rights concerns (4). This, in fact, makes Rio Tinto to rapidly lose its credibility. Interestingly enough, back in October 2016, QMM's much hailed biodiversity committee had already resigned, stating that Rio Tinto and QMM had watered down their commitment to responsible mining by creating "a vague and fundamentally weakened strategy" (5).

The story however does not end here.

Even though Antsontso community's struggle for justice is still on going, and any prediction of an end to that struggle is probably still far away, some more general reflections can be drawn from this very telling story.

Offsetting for whom?

In recent years, we are assisting an increasing number of researchers, activists and practitioners engaging in discussions and analysis focused on how to assign economic values to nature, under the assumption that the only way to protect it is by making it "economically visible". This quest for measuring the immeasurable has produced a plethora of metrics, accounting systems and even biodiversity banks, together with large debates surrounding these tools, with the only result being that the most fundamental issues of social justice have remained largely unaddressed.

We take a fundamental opposition to an approach that wants to lock "people" and "nature" into two separate opposing blocks as well as an ethical rejection of



a process aimed at abstracting complex and dynamic habitats into equivalences based on questionable metrics and units, with the short-lived experience of carbon credits in mind. However, we even question the effectiveness of biodiversity offsets as being able to make ‘biodiversity credits’ both financially appealing and efficient in terms of biodiversity conservation at the same time.

However, it is not on the (lack of) efficiency and effectiveness of these mechanisms that we want to build our argument, but rather on questioning their very purpose.

Protecting nature and biodiversity has little or nothing to do with biodiversity offsetting as the actual goal of these schemes is to allow further destruction and appropriation, by way of legitimizing or even legalizing environmental crimes. Behind the gloomy story of the protection of nature, in fact, there are hundreds of millions of public money being diverted into the pockets of transnational companies.

Extractivism, meant as the systematic extraction of wealth and sovereignty from territories, is in constant need of new mining projects or large dams in biodiversity-rich areas (more often in the South), as well as mega infrastructural projects such as highways or residential areas in more anthropized areas.

In order to achieve control over these resources, the extractive machine has to overcome increasing opposition from those communities that would simply not give up on their right to decide what will happen on their territories. From here comes the necessity for companies to elaborate new and more sophisticated ways to gain their license to destroy.

By launching and promoting offsetting projects, companies not only can continue undisturbed with their business as usual, but they can do so while at the same time presenting themselves as champions of nature conservation, with the active support of well-accredited research institutes, conservation NGOs, a part of the academia, and with the support of another powerful ally, the State. The State is in fact structurally indispensable for this predatory model to succeed, as it has the power to make it legally possible - by adjusting the rules of the game - but also socially justifiable – by allowing it in the name of a ‘public interest’ that is reframed so as to equate with private profit. This way, entire territories that are most targeted by extractive companies become also subject to repressive militarization, leaving little room for discussion and let alone opposition.

The evidence collected during our journeys through biodiversity offsetting areas raises a fundamental question of justice (6).

Hundreds of families are losing their means of survival to allow the world’s mining giants to increase their profits. Private companies and conservation organizations supporting these projects with their sustainability trademarks do not even feel obliged to inform affected communities about the real motivations behind the restrictions imposed on the use of their territories.



However, perverse mechanisms such as biodiversity offsetting are extremely effective in one thing: to shift the attention from the *what* to the *how*. By focusing on how to make business-as-usual more socially acceptable or ecologically sustainable, they prevent the emergence of a truly democratic and transparent discussion about meaningful alternatives to a predatory development model that continues benefiting only a few at the expense of many.

It is crucial not to waste precious time searching for ways to reform a broken system that should instead be rejected as such. We can no longer afford distractions.

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What goes behind the idea of biodiversity offsetting: The case of Nam Ngiep Dam in Lao PDR



The governments of Cambodia, Laos and Thailand are planning eleven large-scale hydropower dams on the Mekong River's mainstream. If built, the dams would block major fish migrations and disrupt this vitally important river, placing at risk millions of people who depend upon the Mekong for their livelihoods and cultures. The Laos hydropower development plan alone contains more than 70 new big dams, 12 of which are under construction and nearly 25 at advanced planning stages (1). Laos has also signed a Memorandum of Understanding (MOU) to provide 7,000MW of energy after 2015 to Thailand, and 3,000MW of electricity from now until 2020 to Vietnam (2). One key investor in these dams is the Asian Development Bank (ADB).

In line with the “green economy” trend, the ADB, along with other financial institutions like the World Bank, obliges companies to offset the biodiversity loss that cannot be avoided. This is the case of the Nam Ngiep 1 Hydropower Project, which started in 2014 and is located in the central provinces of Bolikhamxay and Xaisomboun, Laos, 40 km upstream from a confluence of the Mekong River. It is scheduled to begin operations in January 2019. The biodiversity offset project is supposed to compensate for all the biodiversity loss that the dam will generate.

On this occasion we talk with **Premrudee “Eang” Daoroung** of Project SEVANA South-East Asia, a Bangkok based environmental activist who has been monitoring the environmental issues of the region in the past two decades.

How is the general situation of dams' proliferation in the Mekong region and how is the situation specifically in Laos PDR? What are the main impacts of this boom?

The issue on large-scale hydropower dam in the Mekong region still continues to be one of the major concerns among the groups that are monitoring the



situation and the vast numbers of affected local people in the region. While China is finishing eight large hydropower dams in the upper part of the Mekong mainstream, Laos has also been building the first two dams in the lower part of this major river. The Xayabouri and Don Sahong Dams, despite the many unanswered questions on their impacts to the Mekong fisheries and local livelihoods, the misleading consultation process and their economic viability, are currently under construction. On top of this, recently, Laos proposed and pushed for a new dam at Mekong's mainstream, the Pak Beng dam. There are several dams that are being built. Among others is the Nam Ngiep 1 dam on the Nam Ngiep River, the tributary of the Mekong River that demarcates the border between Laos and Thailand.

The Mekong mainstream River dams are an indication of the regional political change towards the open market economy. Yet, these also reflect the influential relationship between the builder and energy buyer countries, such as China and Thailand, with those giving the investment ground, such as Lao PDR and Cambodia. The expansion and continuous pushing for constructing dams in the Mekong also shows how powerful the private sector has become in the region. These dams are also creating conflicts over Mekong's development plans within and among member countries. For instance, while the Mekong delta in the south of Vietnam, well known as the world's rice basket, has been affected by the dams being built upstream, the Vietnam government is still holding the concession to build the Luang Prabang dam at the Mekong mainstream in the northern part of Laos.

With very little information coming outside China and Lao PDR, the two countries host most of the Mekong mainstream dams. However, for Lao PDR, a small country with 7 million people, the situation is known through various studies as somehow paradoxical (if not ridiculous). Apart from a few hundred dam plans and with more than ten dams already being built in the country, Laos is still familiarizing itself with other kind of large scale projects that also require its natural resources, including large scale agribusiness, plantations and mining. After two decades, however, Laos does not have a real economic success yet, but more and more territories grabbed away from people. The conflict on "development" projects and the question of who has benefited from those projects as well as what will be the result for the future of Laos and its people in the coming decade are still critical issues for this small, land locked country.

Can you tell us what are the consequences (economic, social and environmental) of implementing the Nam Ngiep 1 Hydropower Project?

Similar to other hydropower dams in Laos, the Nam Ngiep 1 dam is being built without sufficient participation of the affected people. As usually, the bitter thing was that people felt that they had no right to either participate or refuse what the government was proposing. More than 3,000 people needed to be resettled, most of them Hmong and Khmu, the two major ethnic groups in Laos. According to an interview conducted by International Rivers (IR) in 2014, people who declared that they lived in the project area for more than three decades



recognized that the compensation they were offered could not be compared with their livelihood needs and losses.

Nam Ngiep dam is built in an area officially categorized as protected forest area. The dam's reservoir, which took a large area of the Nam Ngiep River catchment, will therefore cause a dramatic change to the river and forest areas in terms of natural resources and biodiversity. The intention and capacity of the government of Laos in managing the protected areas is still doubtful, especially when seeing how the government needs to rely on the ADB and the company for carrying out the task. The Nam Ngiep dam is supposed to provide approximately 4 per cent of the 7,000 MW proposed for export to Thailand by 2020. Nevertheless, the question and criticism on how the Electricity Generating Authority of Thailand (EGAT) interprets the future needs in electricity remains among the Thai society. The dam, is being built by a consortium that includes Japan's Kansai Electric Power Company (45%), Thailand's EGAT International Company (30%) and the Lao Holding State Enterprise (25%). It has funds from the Asian Development Bank (ADB), which approved a US 50 million dollars private sector loan for the construction.

How has the ADB been historically involved in financing dams in the region?

Apart from the Nam Ngiep dam, in Lao PDR, the ADB has played a significant role in the construction of the Nam Theun 2 dam (NT2), which was built on the biggest Mekong tributary, Theun River (Nam Theun). A 39-meter high wall forms a reservoir that submerged 450 km² of the biodiverse Nakai Plateau at the border between Laos and Thailand on one side and Laos and Vietnam on the other. There were 6,300 indigenous people relocated to make way for the reservoir and more than 120,000 village people affected living downstream of the dam. This controversial project has been heavily criticizing by different groups. However, the dam started its operations in 2010, selling electricity to Thailand. The ADB provided US 20 million dollars on concessional loans alongside a private sector loan of up to US 50 million dollars, and a political risk guarantee of up to US 50 million dollars. The Nam Theun 2 dam has been promoted as a key project in the power interconnection plan, a signature scheme of the ADB, the Greater Mekong Subregion (GMS).

On top of the direct support to the project, the ADB is leading the GMS energy sector plans forward and specify rules for regional governance. The ADB convened and facilitated the so-called "Regional Power Trade Coordination Committee", with each country's energy ministry. According to an International River's briefing paper, the energy projects that have been selected as ADB's high-level priorities for investment between 2014 and 2018 include the Lao PDR – Vietnam Power Transmission Interconnection, to transmit electricity produced by a series of dams in Lao PDR to Vietnam, as well as the Substation Transmission Facility, to export energy from Laos's Nam Ngiep 1, Nam Theun 1 and Nam Ngum 2 dams to Thailand. The role of the ADB in the energy sector and hydropower dam development is critical and that makes it the target of criticism and questioning. Among the criticism is the bank's failure to meet its



own standards and regulations, especially when relating to the impact of its projects on local people or communities. Instead, the main focus of the ADB is to facilitate the investment of the private sector and to encourage the governments in the region to work with businesses.

Since 1992, the ADB has been proclaiming its plan to “integrate” the countries of the Greater Mekong Subregion and by doing so bring prosperity and economic growth. From 2006 through 2015, ADB financed 376 projects worth US 15.4 billion dollars that directly support the integration of the Association of Southeast Asian Nations (ASEAN). However, the results are at the very least doubtful. The fact that the ADB does not take into account local people and considering that it is supposed to be a “development” bank, has only made criticism and resistances on the ground stronger.

According to the ADB Safeguard Policy Statement, “Meaningful consultation is a process that begins early in the project preparation phase and is carried out on an ongoing basis throughout the project cycle”. Do you think that the preparation and implementation of this Dam was done with a “meaningful consultation”?

The ADB’s Nam Ngiep 1 dam has been facing a strong criticism, exposed by the organization International Rivers (IR) after they reached out to the area and were able to interview people. IRs stated that ADB violates its own safeguards with a lack of consultation and the much-needed information provided on impacts, resettlement plans, compensation and lack of appropriate land in designated resettlement areas (70 per cent of which is protected forest area). The lack of a comprehensive cumulative impact assessment, major hazards assessment, and mitigation plan is not only for the upstream dam construction area but also on the impacted downstream. When referring to the ‘meaningful consultation’, however, it is also a question for the government of Laos. Throughout the two decades of dams building, which has been cited as Laos’ most important development tool, the most critical and problematic issue occurred and raised has been the severe lack of people’s participation, even at a very basic level – on what is happening to them right at their homeland. In the Nam Ngiep dam’s environment management plan, the only three main parties participating in the planning process are the government of Laos, the ADB and the company. The government seems to recognize its obligation in working with and reporting to ADB and the company as well as to absorb some budget from them. Its role, unfortunately, has been to facilitate the work of the external actors, rather than defending Laos’ people.

In your opinion and experience working along communities affected by dams, would it be possible to offset the biodiversity loss that building a large dam generates?

In relation to the biodiversity offset idea, one very problematic issue is the way that the project measures the actual biodiversity loss from the project. Considering the fact that the local people, who have been using and protecting the territories and biodiversity surrounding the dams, are not recognized as the



main actors to be consulted, it is difficult to see how the project can measure the “value” of biodiversity and its loss. In fact, the project so far has not completed the baseline studies of the pre-project biodiversity value. Yet, the project proponent is suggesting an expected ‘no net loss’ of biodiversity by way of offsetting. But both the value of biodiversity, environment, natural resources as well as people’s livelihoods in a country such as Lao PDR are certainly the same and very much interconnected and dependent. The Hmong and Khmu ethnic in Laos especially have a certain way of using these other values in everyday life. The bigger the difference on the “values” between the Hmong and Khmu people with the “values” that the project’s proponents conceptualize, the less the chance can be to measure the lost biodiversity. Even less to offset it.

The idea of the biodiversity offset project appears to be to help protecting an area known as Nam Chouane-Nam Xang, which otherwise, is argued, would suffer threats (2). First, according to your understanding of the dynamics of rural communities in Laos, do you agree that the communities living around the compensation project area are a threat to its biodiversity? What do you think of the underlying idea of “biodiversity offsetting” that one place can be equal to another place? As these compensation projects are focused on the biodiversity alone, What about the communities affected in both projects: the dam and the offset project?

The concept of biodiversity offsetting that they are trying to apply to the Nam Ngiep 1 dam project in Laos is very similar to other major management plans in Laos, such as the old Shifting Cultivation Stabilization program, being launched since the late 1980s as the flagship program to preserve natural forests from the practice of shifting cultivation by the local Laos ethnic groups.

The meaning of this program for the government of Laos has been that shifting cultivation is similar to ‘slash and burn’ practices, leaving very little room for ‘rotational agriculture’. Therefore, the main aim of the program has been to get rid of people’s practices for rice growing in the upland and highland areas of Laos, as if they were the main reason of forest loss. The government of Laos has spent almost three decades to replace people’s traditional practices in the forest areas to something that can give more benefit to the state, and, as it has always claimed, to the Laos people. After almost three decades however, many communities, as a consequence of this program, were relocated from their original area and confront the lack of food security and food sovereignty. That has been the hardest thing for the people that were relocated to a place they could not choose, without the reasons and means of livelihood. It is still difficult enough when referring to agricultural land areas, not to talk about the most sensitive ecosystem of forest and biodiversity in overall.

The biodiversity offset project appears to have the same objective of getting rid of people’s practices of shifting agriculture as both the Hmong and Khmu ethnic groups have very similar practices. And it also tends to result in much of the same consequences of lack of food security and food sovereignty. And the complex way of how the values of biodiversity, environment, natural resources and peoples’ livelihoods take form and are interrelated might appear similar but



are different and unique for each place where the ethnic groups live, produce and reproduce their reasons and means of livelihoods.

How do you think the international community could help unmask the greenwashing dam promoters are starting to perpetuate in Laos and the whole Mekong region?

The support of the ADB and the Mekong governments to the private sector has become more obvious in recent years, even though criticisms to its role are in place since the early 1990s. It is imperative to uncover the beneficiaries of development: the ADB, the governments and the companies. How do they work together without people in their plans should be presented more strongly to the public eyes. For that, the international community or the host country of the company or funding government can play a major role in monitoring, networking and campaigning on the problematic actors coming abroad to the region.

- (1) International Rivers, <https://www.internationalrivers.org/campaigns/laos>
- (2) Ministry of Energy and Mines, Department of Energy Business, Lao PDR, <http://www.poweringprogress.org/new/power-projects>

An umbrella for non-compliance: “Air Quality Offsets” in South Africa



How air quality offsets were set in place

Air quality offsets in South Africa are part of a push back against gains made in air quality regulation through the hard work of environmental justice activists since the arrival of a non-racial democracy in 1994. Working for over a decade against a reluctant and weak regulator (the Department of Environmental Affairs, or DEA) and strong corporates (petro-chemical giant Sasol and steelmaker ArcelorMittal) as well as Eskom, a corporatized parastatal that has



the monopoly in the electricity sector, activists succeeded in forcing a revision of air quality regulation in 2004, to be more in line with the environmental right in the South African constitution.

This included new air quality legislation, and the settings of ambient and emission standards for a number of priority pollutants. These changes came into full effect in 2010, on the understanding that in 2015, Sasol, Eskom and other polluters were required to comply with these new standards, which required expenditure on abatement technology.

Twelve years after legislation had changed, South Africa's two biggest air polluters – Eskom and Sasol – were not ready. They embarked on a dual strategy. One was to apply for exemptions from the new standards for most of its power stations, the other was to force the development of an official offset policy as an escape route from compliance.

In June 2015, draft air quality offset guidelines were published (1). It was criticised at length by civil society activists. It did not come out of a “normal” policy process, but carried all the scars of a response by a weak regulator to two main polluters who were winning the argument by changing the facts on the ground. At the same time, a more extensive overall defence was published by the Department (2). It covered five areas of application: air quality, wetlands, biodiversity, water resources and carbon offsets.

Both documents, the offset guidelines and the DEA defence, claimed that offsets would balance protection of people's health and environments with the need for economic development. In effect, they returned to polluters the apartheid power to decide how they would deal with not only their own pollution, but also that of “the other polluters” using up their “pollution space” – mainly the households who were too poor to afford electricity and were burning low quality coal. Environmental activists fully support measures that would relieve if not eliminate the pollution of people indoors as a result of their energy poverty. In a workshop following the release of the 2015 policy, communities and activists generally agreed that the air quality offsets would not work. Those proposed by Eskom and Sasol were viewed as a way of shifting blame onto communities. There is no comparison in the scale of emissions from industrial and domestic sources and it was argued that interventions to reduce domestic emissions are a responsibility of government and should not depend on offsets. It is particularly galling that the government has failed to address domestic emissions in any meaningful way but, over the last decade, has tried to do it as cheap as possible with the Basa Njengo Magogo programme. This involves teaching people to put the kindling on top of the coal, instead of at the bottom, when lighting a fire. Government and corporations claim that this reduces particulate emissions but this method does not reduce sulphur or volatile organic compounds from burning coal and metal toxins are still present in the air, including mercury, lead, chromium, magnesium and arsenic. This programme is wholly inadequate as a response to pollution caused by poverty energy. (3)

How does it work



Current South African air quality offsets are based on the understanding that indoor air pollution has much greater effects than regional ambient pollution from coal fired power stations and industry. Air quality activists have never accepted this argument as science because:

- ground level household emissions are dwarfed by industrial emissions;
- recirculation and deposition of regional industrial pollution is not taken into account;
- 50 per cent of PM10 (particulate) pollution comes from coal mine dust entrainment (most of it through haulage/transport);
- persistent ground level pollution (with high percentages of Volatile Organic Compounds) from spontaneous combustion from coal have not been quantified or included in calculations;
- few detailed studies on household indoor pollution have been done, and their results are inconclusive.

Nevertheless, in March 2015, the Department of Environmental Affairs (DEA) allowed Sasol to “postpone” compliance with minimum emission standards in exchange for an offset programme. In the case of Sasol, the offset programme consists of a mixed bag: measures to deal with veld fires, testing emissions of heavy vehicles entering Sasol premises, reducing dust from unsurfaced roads (which activists suspected was meant to create a new market for a Sasol chemical product that would be cheaper – and nastier - than tar roads); intervention in municipal recycling and household waste collection, as well as cheap retrofits to houses including potentially flammable polystyrene insulation.

The South African activist organization GroundWork responded to Sasol’s offset implementation plan that (4) “this is the cheap option to compliance. It works in the same way as a mediaeval indulgence: Sasol may carry on sinning, at considerable profit, providing it pays the much lesser cost of a penance.”

It argued: “The minimum emission standards enable communities to hold corporations liable for polluting them. The offset absolves the corporation of liability. At the same time, it outsources government’s responsibility for healthy human settlements served with clean energy. Thus, the interests of the community are at stake on both sides of this deal. Yet this deal is struck between Sasol and government. In so far as communities have been consulted, they have denounced offsets in principle and this deal in particular. It appears, however, that the matter was already decided and community views were already excluded. “

In discussing these proposals, including at meetings called by Sasol, people from community organisations reiterated several points:

1. These projects cannot substitute for compliance with minimum emission standards. Sasol must provide a roadmap to compliance showing what steps Sasol will take and by when.



2. Implementation of air quality management plans (AQMPs) as a priority area, which must demonstrate government and corporations' commitment to reducing industrial emissions within set timeframes.

3. Source apportionment studies have been mandated within the AQMP process and should be funded by Sasol and other corporations on the polluter pays principle.

4. A baseline for the distribution of pollution is necessary but not adequate. There must also be a baseline for people's health so that the existing health impacts of pollution are understood. Such a study should create the basis for monitoring people's health through the systematic collection of statistics from hospitals, clinics and doctors. Baseline studies and health monitoring should be under the auspices of the AQMP as any process managed by Sasol or other corporate polluters will lack credibility.

5. Irrespective of what Sasol does with its offset projects, we expect the government to take responsibility concerning domestic energy and emissions. To date, the government has done nothing more than the Basa Magogo programme which was always a cheap way of avoiding a real response and has proved utterly ineffective.

6. Similarly, the government needs to provide healthcare staff and adequate facilities to confront the crisis of health created by the pollution of the Vaal and Highveld. This should include 24-hour clinics that are able to respond to emergency pollution events at night and specialist staff to deal with respiratory illnesses. The system must be developed to enable better access to public healthcare. In this respect, local people do not trust that corporate health professionals will give a proper diagnosis where the corporation's activities are the likely cause of illness.

Who do offsets benefit?

Offsets, in general, benefit industry in many ways. These are a threat to building a reasonable regulatory regime. They undermine democracy.

The main concerns of South African activists on offsets include:

- Offsets always lay the blame of pollution or destruction of biodiversity onto local communities. Industries' activities are mostly not identified as the root causes of the problem.
- The use of offsets inverts the mitigation hierarchy. The mitigation hierarchy, which is part of South African policy, prescribes that all other options, such as avoidance or minimisation of damage should be avoided before offsets are considered. However, industry will always prefer offsets to mitigation measures as they are cheaper. Hence, there will be pressure to cut costs of the offset.
- Offsets are used to justify the unjustifiable: projects that should be rejected are permitted on the basis of offset proposals; illegal practices



- (e.g. exceedance of minimum emission standards) are permitted on the basis of offsets.
- Regulatory capacity is inadequate to the task and provides no oversight. The assumption that offsetting compensates for weak regulatory and planning capacity is false. To the contrary, it exacerbates it.
 - Offsets will push the government to abandon responsibilities rather than build capacity to meet them – while weakening regulation, thus playing into the arms of the business lobby.
 - Destruction from the original project is certain, benefits of the offset are not – indeed, most offsets may themselves be destructive.
 - Offsets usher in the commodification and financialisation of nature.
 - If there is real money involved (as proponents hope) big capital will move in. Offset providers will not be restricted to small and ethical practitioners. It will be profit driven.
 - The use of offsets depends on a series of false calculations and equivalences that simplify complex and unique ecological systems – between what is destroyed and what is preserved and between ecological and money “values”. (e.g. How many chameleons are worth a hawk and what’s the price?)
 - Offsetting will mask the fact that habitat and species loss is irreplaceable.
 - Offsets represent a double land grab: People may be removed for the original project (e.g. to make way for a mine) and then again for the offset itself. This may be because people lose jobs with the change of land-use (already observed on the change from farms to farms used for raising game (mostly antelopes) for resale and hunting and the eviction of farmworkers) or because people who used land and natural resources in the offset area are excluded from doing so (as is likely in former Bantustan areas).
 - Within specific catchments or airsheds, the offsets may be overwhelmed by the accumulation of destructive activities – e.g. acid mine drainage ruins wetlands preserved as offsets to the mining projects; air quality offsets fall far short of the scale and geographic spread of industrial pollution (e.g. the Eskom and Sasol proposed offsets).

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Groundwork, South Africa, <http://www.groundwork.org.za/>

(1) Government Gazette, June 2015

(2) Department of Environment, Discussion Document on Environmental Offsets, June 2015

(3) Rico Euripidou, 2014. Slow Poison: Air pollution, public health and failing governance. A story of air pollution and political failure to protect South Africans from pollution. Hallows, D (editor), groundWork, June 2014, [http://www.groundwork.org.za/specialreports/Slow%20Poison%20\(2014\)%20groundWork.pdf](http://www.groundwork.org.za/specialreports/Slow%20Poison%20(2014)%20groundWork.pdf)

(4) GroundWork response to Sasol offset implementation plan, 29 January 2016.



Kenya: International Finance Corporation throws lifeline to REDD+ project and provides greenwashing for the largest mining company in the world



BHP Billiton is the world's largest mining and petroleum company running mines in 13 countries. Its main offices are in Melbourne, Australia, and in London, UK, where the company sells shares on the London Stock Exchange.

The London Mining Network, an alliance of human rights, development, environmental and solidarity groups, has compiled information about the many conflicts between the company and communities and workers affected by its mining operations and environmental disasters caused by the company's mines. (1) These include the catastrophic flood of 40 million tonnes of toxic mud waste released into the Doce river in Minas Gerais, Brazil, in 2015 – the biggest environmental spill in the country's history. (2) The toxic mud spread all the way to the sea, killing 19 people and requiring the evacuation of 600 more. Almost two years on, the Doce river still runs red from the iron ore in the water. BHP Billiton co-owns the mine with Brazilian mining firm, Vale. The two companies have faced public campaigns over inadequate clean-up efforts and compensation to those affected by the disaster. They also face fines and national and international legal cases over responsibility for the breach of the dam that was supposed to prevent their toxic waste from spilling into the river.

Bail-out for REDD+ project in Kenya provides greenwashing for BHP Billiton

In October 2016 - almost exactly one year after the toxic spill at the BHP Billiton mine in Brazil - the World Bank's International Finance Corporation (IFC) (3) raised US 152 million dollars from private investors through the sale of what they named "forests bond". (4) Investment funds and banks could buy the "forests bond". Buying the bond means they lend their money to the IFC for five years during which the IFC uses the money to fund infrastructure and other



corporate projects. At regular intervals, usually every year, the buyers of the bond receive interest payments from the IFC. After five years, the IFC has to pay back the money to the bond buyers: the investors swap the bond again for the money they originally invested. The IFC calls the bond "forests" bond because buyers can choose to receive their annual interest payment either in cash or as carbon credits from a REDD+ project (5) in Kenya, called the Kasigau Corridor REDD+ project that claims to protect forests.

Italian social and environmental justice group Re:Common and the European Counter Balance network visited the Kasigau Corridor REDD+ project area in July 2016 and documented evidence of ongoing negative impacts on local peasant communities. (6) The report confirms findings published in an article in 2015 (7) that describes how the REDD+ project strengthens historical injustices over land allocation: those most affected by the restrictions the REDD+ projects puts on land use, mainly ethnic Taita communities, receive very few benefits while (absentee) ranch shareholders receive a guaranteed 1/3 of the revenues from REDD+ credit sales.

For the five years that buyers of the "forests bond" receive interest payments, IFC has committed to buying carbon credits from the Kasigau Corridor REDD+ project (Phase I and II). If a buyer prefers to receive the interest payment in cash, BHP Billiton will buy the REDD+ credits from the IFC instead and thus provide the cash for the interest payment to the "forests bond" buyer. That means five years of guaranteed REDD+ credit sales for the California-based company Wildlife Works Carbon, which set up the Kasigau Corridor REDD+ project and the financial architecture of it. The company had just months before seen a big REDD+ credit sales agreement with a Luxembourg-based carbon market fund (Althelia Climate Fund) collapse. Finding a replacement soon might well have been a question of survival for the REDD+ project.

For BHP Billiton, the commitment to buying REDD+ credits at a fixed price of US 5 dollars if buyers don't want them, provides green cover for its dirty mining and an opportunity to deflect global attention away from its responsibility for Brazil's largest environmental disaster that still has dire consequences for the local population along the Doce river. Also involved in the "forests bond" deal is Conservation International (CI), a US-based conservation NGO. CI advised BHP Billiton on the "forests bond", sits on the Althelia Climate Fund's Expert Board, is involved in a REDD+ project near the Kasigau Corridor REDD+ project and is among the most vocal REDD+ supporters.

The IFC's "forests bond" is a dubious new way of propping up private sector REDD+ projects that have been unable to sell their carbon credits. The misleading name "forests" bond also suggests that there is more private sector investment for "forests" than there really is as the capital invested does not go into forest-related activities. The actual money loaned to IFC – the US 152 million dollars it got from buyers of the "forests bond" - is invested in the sort of corporate projects the IFC usually funds. The bondholders only forego a portion of their interest payments they receive from the IFC and accept to take these in the form of REDD+ credits rather than cash – or if the bondholder does not want them, BHP Billiton will take them and make a cash payment to the bond



holder. The IFC works with the conservation industry to re-label a corporate investment as a "forests bond", even though only (part of) the interest IFC pays to the buyer of the "bond" is used to subsidise a forest / REDD+ project.

So, in addition to more investment that may well cause harm to local communities, the IFC throws a lifeline to a REDD+ project run by a private company that is severely restricting land use of ethnic Taita communities in Kenya's Kasigau Corridor area. Moreover, it presents the world's largest mining company with responsibility for Brazil's largest environmental disaster, BHP Billiton, with an opportunity to greenwash its image by offering to buy any Kasigau Corridor REDD+ credits that buyers of the IFC "forests bond" may not want. A triple win for the corporate sector, the conservation industry and the World Bank, with the costs borne by local communities and the climate.

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- (1) London Mining Network - [http:// londonminingnetwork.org/bhp-billiton/](http://londonminingnetwork.org/bhp-billiton/)
- (2) Brazil's River of Mud. Aljazeera documentary film.
<http://www.aljazeera.com/programmes/peopleandpower/2016/08/brazil-river-mud-160818081002569.html>
- (3) The International Finance Corporation is the part of the World Bank Group that provides financing for the corporate sector.
- (4) IFC Press release IFC Issues Innovative \$152 Million Bond to Protect Forests and Deepen Carbon-Credit Markets at:
<https://ifcextapps.ifc.org/ifcext/pressroom/ifcpresroom.nsf/0/594A016A78A7B14E8525805D00461397>
- (5) REDD+ stands for Reducing Emissions from Deforestation and Forest Degradation. For more information, see <http://wrm.org.uy/browse-by-subject/mercantilization-of-nature/redd/>
- (6) Counter Balance (2016): The Kasigau Corridor REDD+ Project in Kenya: A crash dive for Althelia Climate Fund. http://www.counter-balance.org/wp-content/uploads/2017/02/The-Kasigau-Corridor-REDD_Kenya.pdf And: Re:Common (2016) Mad Carbon Laundering. How the IFC subsidises mining companies and failing REDD projects. Briefing in cooperation with Counter Balance. <http://www.recommon.org/eng/mad-carbon-laundering/>
- (7) S. Chomba et al. (2016): Roots of inequity: How the implementation of REDD+ reinforces past injustices. Land Use Policy. Volume 50: 202–213.



Environmental offsets in Panama: A strategy that opens up protected areas to mining



Minera Panamá (MPSA), owned by Canadian company First Quantum, has a concession to conduct open-pit copper mining in the Donoso District, Colón Province, which covers an area of 13,600 hectares within a protected area of Panama. Additionally, the company has built a 200-hectare deepwater port on the Caribbean sea,—which it will use to export the mineral from the country— as well as a coal-fired power plant to provide energy for its operations. The concession is located about 120 kilometers west of Panama City. In order to obtain the environmental authorizations, the company has presented plans to "offset the loss in biodiversity."

Who is First Quantum?

In 2013, Canadian company First Quantum bought 80 percent of Minera Panamá SA's share capital (MPSA), which was mostly owned by Canada's Inmet Mining/Petaquilla; the latter already had the concession to extract copper and gold in the area. Like the vast majority of Canadian companies operating in Latin America, First Quantum has a history of allegations of human rights violations in other countries where it has operated. A report by OECD Watch, Oxfam Canada and the Zambian organization, DECOP, has denounced the company's involvement in the eviction of villagers from an area in Zambia that they had traditionally occupied, causing serious harm to these communities. Another report claims that the company was involved in the illegal extraction of natural resources in the Democratic Republic of the Congo, in 2002 (1).

The 13,000-hectare concession in Panama lies within the Mesoamerican Biological Corridor—a biologically rich connecting region which will be severely damaged by MPSA's copper extraction. Its forests are in an excellent state of conservation and harbor incredible wealth in terms of biodiversity. The adjacent population are mainly peasant and indigenous peoples, engaged in subsistence farming and ranching.



Neighboring towns have already experienced the impacts of mining firsthand, since Petaquilla Gold has already operated in the region. In its 100-hectare concession area, the company caused contamination of rivers, deforestation, and health impacts in the communities—not to mention its hundreds of unfulfilled promises. The company was plunged into a financial scandal. It was then abandoned, leaving in its wake open cracks and pools of cyanide, which today are still a latent threat to the rivers and people of the area. This is in addition to the thousands of workers who were not paid, and other unmet labor obligations on the part of the company.

Offsetting damage that cannot be repaired

According to environmental authorization requirements outlined by the government, Minera Panamá/First Quantum must offset the irreparable losses to the environment that the large-scale copper mining will cause. The company has committed to following the standards imposed by the International Finance Corporation (IFC), the private sector arm of the World Bank, and it has presented plans to "offset the loss in biodiversity."

The mine has not yet begun to operate. Nonetheless, the company has mounted a strong campaign promoting its activities, perhaps to appease both the conservation NGOs that pushed to declare the Mesoamerican Biological Corridor as a protected area, and the local residents who oppose the massive destruction the project will cause. These activities include several programs that are part of its offset strategy. According to its website, the company "is committed to maintaining a net positive impact on biodiversity and to being a global leader in biodiversity management."

WRM visited the area in late 2016, to talk with local people and learn firsthand what is happening on the ground.

Among the company's projected biodiversity offset plans is the reforestation of 7,300 hectares. This plantation would serve to offset the irremediable losses that the mining project will cause in the Mesoamerican Corridor area. The local people we talked to in the Coclecito area knew that the company was carrying out reforestation plans. In spite of all the propaganda on the company's website, on our visit we saw just a few coffee plants and a few native trees planted along a steep edge of the road.

In the already absurd logic of offsets, it seems even harder to imagine how a few coffee plants and trees could compensate for the loss of forests in the area, which harbors enormous diversity of flora and fauna—including endangered endemic species, which are also highly important for local communities, who use them on a daily basis (2).

Furthermore, since several species that inhabit the area will evidently have their habitat destroyed, the company has made agreements with international organizations in an attempt to save some of these species—and thus improve



its image. For example, its partnership with the Sea Turtle Conservancy seeks to protect endangered sea turtles that nest precisely on the part of the Caribbean coast that will now be impacted by the deepwater port used for exportation.

The company also presented another offset plan to support management of the protected areas surrounding the concession—the Santa Fé and Omar Torrijos National Parks—and to create a third multipurpose area in Donoso, altogether totaling some 250,000 hectares. Minera Panamá says it will cover the costs of equipment, infrastructure, biological monitoring, education, and a training program for park rangers in all of Panama's protected areas.

Here lies another great fallacy of offset mechanisms: Corporations do not even have to carry out their own offset plans. They have found a way to free themselves of the responsibility of implementing offset projects, and of the costs to maintain said projects—especially once the mine has ceased to operate.

Furthermore, one of the underlying concepts of offsets is that they should be "additional." That is, offset project promoters have to demonstrate that if it were not for their project, the area they are now conserving would have been destroyed—which is not the case in protected areas.

Using illegitimate methods—as is the case with offsets for irreparable damages—Minera Panamá is preparing to open up and destroy Panamanian forests in the Biological Corridor. Offset mechanisms are based on mercantilist logic that sees a forest as a set of independent and interchangeable parts. This is vastly different from the worldview of indigenous and farming communities, who see the forest as an interconnected and interdependent whole that includes even them. For these peoples, allowing the destruction and fragmentation of an area as rich as the Caribbean Atlantic is criminal.

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(1) See the Mining Watch Canada report, "Supporting Communication to the Special Rapporteur on the Rights of Indigenous Peoples",
<https://justiceprojectdotorg1.files.wordpress.com/2012/03/supporting-communication-jcap-mw-dsg-final-english-1.pdf>

(2) Economic and distributive analysis of mining activity in Panama, The Nature Conservancy,
<https://www.conservationgateway.org/Documents/ANALISIS%20ECONOMICO%20Y%20DISTRIBUTIVO%20MINERIA%20PANAMA.pdf>



Action Alerts

Women landowners in Central Bougainville block the Panguna Mine pact



Women protesters led a blockade against the Panguna copper mine to prevent the signing of a Memorandum of Understanding (MoA) between the Autonomous Bougainville Government (ABG) and the Bougainville Copper Limited (BCL) company. They also won a court injunction so the MoA cannot be signed until further notice. The MoA intends to allow BCL to reopen the mine before June 2019. The Panguna mine was abandoned in 1989 after a decade-long armed uprising and a movement for Bougainville independence from

Papua New Guinea arose. The MoA was drawn up without the consent of the women of Panguna who are culturally the true landowners. One of the woman chiefs stated: "This is the company that has killed our sons and daughters. ABG has to stop ignoring the cries of the women and take note that BCL is never allowed to come back to Panguna, and this is final and it is not negotiable". Read the press release (in English) at this link:

<https://ramumine.wordpress.com/2017/06/19/bougainville-landowner-women-protesters-block-mine-pact-win-court-order/>

Harassed by palm oil company, villagers in Thailand defend land



In November 2012, two women were found dead at the edge of a palm oil plantation. The death were understood as a clear warning to the Klong Sai Pattana village in Surat Thani, southern Thailand. The victims had spent the last four years fighting the Jiew Kang Jue Pattana Co. Ltd palm oil company in a land dispute that has engulfed this small community of around 70 families. For decades, Jiew Kang Jue Pattana Co. Ltd has illegally occupied and harvested palm oil trees on 168 hectares of land. Without land title deed or

legal documentation, the company had gone unhindered until their presence caught the interest of the Southern Peasant's Federation of Thailand (SPFT), which supports landless farmers. The village has refused to succumb to intimidation and resisted to be forced off the land despite continuous opposition to their presence through on-going violence from what they believe to be people hired by the palm oil company. See an article from the news agency Aljazeera (in English) at this link:



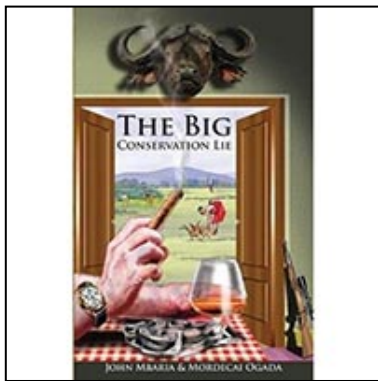
<http://www.aljazeera.com/indepth/features/2017/06/harassed-palm-oil-company-thai-village-defends-land-170605105935706.html>

And a video (in Thai and English subtitles) at this link:

<https://vimeo.com/214136850>

Recommended

“The big conservation lie: The untold story of wildlife conservation in Kenya”



That is the title of a book co-authored by Mordecai Ogada and John Mbaria. “In many parts of Africa, conservation goes along with controlling lands in one way or another. It’s rarely practised at the level of just looking at the species and the issues, it always includes controlling lands, for better or for worse,” says Ogada during a presentation of his book at the Colorado State University Africa Center in March 2017. The one and a half hour video uncovers many of the myths, lies and hidden truths behind the conservation industry.

Watch Ogada’s presentation (in English) here:

<http://www.conservation-watch.org/2017/07/05/the-big-conservation-lie-a-presentation-by-mordecai-ogada/>

The European Investment Bank: Africa's discreet mining financier



The Ambatovy mine, a massive operation of eight billion US-dollars (in today's value), is designed to extract nickel and cobalt from Madagascar’s rich soil. It has directly affected a forest of 2,500 hectares and some households were displaced as a result of controversial compensation agreements that divided the community. Besides many complaints over impacts on the local environment, in 2012, a malfunctioning valve caused a sulphur dioxide leak, and 50 people at the facility were poisoned. Three similar incidents have happened since. Environmental concerns surrounding the Ambatovy project continue to grow. The European Investment Bank, owned by European Union Member States and with stakes in several mines in Africa, provided eight per cent of this project’s investment, with a US 305 million dollars loan. Read the article that is part of a special series on the EIB (in English) at this link:

<https://www.eibinafrica.eu/a-tale-of-reverse-development/#footer>



“The New Colonialism: Britain's scramble for Africa's energy and mineral resources”



This report from the organization “War on Want” reveals the degree to which British companies control Africa’s key mineral resources, notably gold, platinum, diamonds, copper, oil, gas and coal. It documents how 101 companies listed on the London Stock Exchange (LSE) — most of them British — control mining operations in 37 sub-Saharan African countries. They collectively control over US 1 trillion dollars worth of the most valuable resources on the African continent. The UK government has used its power and influence to

ensure that British mining companies have access to these raw materials across Africa. This was the case during the colonial period and is still the case today. Read the report (in English) at this link:

<http://www.waronwant.org/resources/new-colonialism-britains-scramble-africas-energy-and-mineral-resources#overlay-context=media/new-report-british-companies-leading-new-%25E2%2580%2598scramble-africa%25E2%2580%2599-worth-1-trillion>

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