Biodiversity offsets facilitate continuation of business-as-usual destruction by mining companies

For well over a decade, mining corporations like Newmont and Rio Tinto have been participating in voluntary biodiversity offset (1) programmes even where the law does not require such compensation. So, what is the interest of mining companies to engage in offsetting programmes even where there is no legal obligation to do so? The report from a workshop jointly organized by the International Union for Conservation of Nature (IUCN) and the International Council on Mining & Metals (ICMM) in 2003 provides a first insight: *“participants agreed to explore the use of biodiversity offsets in recognition that there may be a point at which investment in biodiversity offsets provides greater social, environmental and economic benefits than trying to mitigate all impacts.” (2)* These ‘greater benefits’ (for the mining corporations) become even clearer when one considers the “*significant overlap between active mining and exploratory sites and areas of high conservation value,*” which a 2003 World Resources Institute (WRI) report showed. With its focus on areas considered 'high conservation value', the WRI assessment disregards that the damage from mining to communities is real also in areas not considered 'high conservation value' by such international biodiversity assessments. Nonetheless, the report convincingly suggests that international opposition to the destruction caused by the mining industry is likely to increase the more the mining industry pushes into the remaining 'high conservation value' areas.

The same view is echoed in a 2005 briefing paper to the mining industry, where ICMM reinforces the potential that lies in offsets as a tool to reduce the reputational risk from biodiversity destruction. The briefing concludes that biodiversity offsets *“could offer a means of ensuring continued access to resources, securing licence to operate.” (3)* They focus in particular on offset schemes as part of a strategy for *“maintaining licence to operate and access to land that might otherwise have been unavailable to the company”.* The report cites the example that "*Alcoa’s investment in biodiversity management activities at Jarrah forest mines in Australia is made in part to help ensure they retain the right to lease land for mining."* In the same vein, Rio Tinto - one of the ‘road testers’ of an initiative by the World Business Council for Sustainable Development (WBCSD), the Guide to Corporate Ecosystem Valuation – talks about its interest in biodiversity offsets. “*The growing focus on exploration in developing countries means that the potential for landuse conflict will become an increasingly significant issue for Rio Tinto. […]”. (4)*

A joint IUCN and Rio Tinto report and a presentation by a Rio Tinto representative at a mining conference suggest an additional motive for the interest in the mining industry for biodiversity offsets. The report and presentation also show that for Rio Tinto, REDD+ is merely a variation of biodiversity offsets: *“For companies like Rio Tinto, robust methods of valuing ecosystem services and the development of well-functioning markets for ecosystem services could provide an opportunity to use large non-operational land holdings to create new income streams for Rio Tinto to be used for conservation activities,”* the report states, while the conference presentation slides note that *“REDD projects represent a significant opportunity for Rio Tinto to capitalise on its non-operational landholding"*The presentation mentions that *"REDD projects can potentially be used to help meet Rio Tinto's climate change committments [sic]"*, that Rio Tinto is *"currently exploring REDD type projects*

in Madagascar and Guinea," and that the company *"is looking to identify opportunities to create conservation banks on its non-operational land holdings".* (5)

Another aspect related to money that explains the mining industry's interest in biodiversity offsets is that they facilitate access to capital. Mining requires large investments and much of that money (still) comes from banks, both private and public. For many of those banks, the so-called "IFC Performance Standards" are an important reference. The International Finance Corporation (IFC) is the arm of the World Bank which lends money to corporations in the private sector. Since 2012, the IFC Performance Standard No. 6 requires that companies seeking IFC funding must show how they will "offset" the damage their activities will cause to biodiversity. (see WRM 213 Bulletin article, April 2015).

This reference to biodiversity offsets in the IFC Performance Standards has triggered a noticeable increase in corporate interest in biodiversity offsets, in particular in the mining industry. Consultancy firm Hardner & Gullison, for example, note on their website that the company *"has assisted some of the world's largest extractive-sector companies in the development of biodiversity management practices and compliance with the International Finance Corporation's (IFC) Performance Standard 6 (PS6)."* The consultancy's website specifically mentions advise on biodiversity offset programmes for Rio Tinto, Minera Panama (Cobre Panama copper mine in Panama), Barrick Gold (Pueblo Viejo gold mine expansion in the Dominican Republic, Pascua Lama gold mining project in Chile, Lumwana copper mine in Zambia) and Newmont (Conga project in Peru, Akyem project in Ghana) as well as on a voluntary biodiversity offset programme for Antamina in Peru. (6) Rio Tinto explains their engagement in biodiversity offsets, in this case related to their mining operations in Mongolia: *"Oyu Tolgoi – Mongolia: This developing project is required to meet specific biodiversity offset and nonet-loss requirements under the International Finance Corporation's Performance Standard 6 on biodiversity."* (7)

The trend-setting power of the IFC Performance Standards brings into focus the importance not just of the private sector arm of the World Bank but of the institution as a whole in working with the mining industry to create the regulatory environment that facilitates continued access to metal ore deposits. *"The goal is to transform environmental legislation into tradable instruments"*, the co-founder of the environmental stock exchange Bolsa Verde Rio de Janeiro, Pedro Moura Costa, has stated on various occasions in reference to offset initiatives. And the World Bank is busily exploring how this transformation of environmental legislation into tradable instruments could be done.

Liberia is one of the countries for which the World Bank chose to develop a national biodiversity offset strategy. In March 2015, the Bank presented *"A National Biodiversity Offset Scheme: A Road Map for Liberia's Mining Sector"*, a report *"which explores the feasibility of implementing a national biodiversity offset scheme in Liberia to help minimize adverse impacts on biodiversity and ecosystem services resulting from mining."* (See WRM 213 Bulletin, April 2015). The report describes biodiversity offsets as*"an opportunity for the private sector to contribute to an underfunded protected areas network."* Thus, lack of funding to implement government policy on protected areas (which itself was heavily pushed by the World Bank and international conservation NGOs engaged in corporate partnerships with companies in the mining sector) is used as a justification to make mining in 'biodiversity hotspots' easier as long as the destruction of one 'biodiversity hotspot' is compensated for by funding protected area management (probably by an international NGO) of another 'biodiversity hotspot'. What the World Bank proposal consequently does not mention is that the mining concessions that will most benefit from such a biodiversity offset programme in Liberia are located in the most biodiverse region of the country. And of course, mining in these areas will destroy not only forests rich in biodiversity but also the livelihoods of communities who depend on those

forests and the biodiversity they contain. In Panama, too, the mining industry focuses on their contribution to funding protected areas rich in biodiversity. Minera Panama S.A. (MPSA)'s biodiversity offset *"includes support to three protected areas: Santa Fe National Park (72,636ha), Omar Torrijos National Park (25,275ha) and a new protected area to be established in the District of Donoso (ca. 150,000ha). These protected areas have limited funding support and are vulnerable to deforestation. […]. MPSA […] seeks to achieve a net benefit for the natural habitats it will affect with its 5,900ha footprint and potential associated indirect impacts.*" (8)

The many forms of conflicts, contradictions and lies associated with implementation of offset initiatives, especially related to carbon offsets, have been documented by WRM and other organisations (see for example, WRM website on the Mercantilization of Nature). And while there is still little documentation about community experiences with biodiversity offset programmes linked to the mining industry, there is no reason to believe that the situation for communities affected by these biodiversity offset projects will be any different than the experience of forest-dependent communities with REDD+ projects (see for example "REDD: A Collection of Conflicts, Contradictions and Lies"). The WRM collection cites a report from Colombian organisation Fundepublico which highlights that in addition to the land taken for the mining and infrastructure, such offset schemes will also occupy large areas of land. Conflict is thus predictable: *"Companies cannot find the land to establish the offsets, and the puzzle of matching offset demand with offset supply has yet to be solved."* And it is hard to see how this puzzle can be solved without negatively affecting the livelihoods of many communities dependent on the land – not just in Colombia where solving the puzzle would involve finding offset locations for over 8 million hectares under mining concessions, at least 1.5 million hectares under oil and gas concessions, and thousands of kilometres of highways in the pipeline.

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1. Offset programmes are based on the assumption that biodiversity can continue to be destroyed without causing environmental harm as long as the destruction in one place is being compensated ("offset") by additional protection of biodiversity of a comparable type elsewhere. The concept was first applied in the 1970s int he USA to enable continued destruction of wetlands even though the ecological functions of wetlands were protected by the Clean Water Act. In 1997, the Kyotot Protocol, the UN's climate treaty, incorporated carbon offsets as a way for industrialized countries to avoid reducing their greenhouse gas emissions at home through paying for emission reduction projects elsewhere in the lobal South.
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3. International Council on Mining & Metals (2005): Biodiversity Offsets – A Briefing Paper for the Mining Industry.
4. WRM (2014): Trade in Ecosystem Services. When Payment for Environmental Services delivers a Permit to Destroy. http://www.wrm.org.uy/html/wp-content/uploads/2014/04/Trade-in-Ecosystem-Services.pdf and link to WBCSD report with corporate biodiversity offset case studies: http://www.wbcsd.org/work?program/ecosystems/cev/roadtesters.aspx
5. IUCN and Rio Tinto (2011): Exploring ecosystem valuation to move towards net positive impact on biodiversity in the mining sector. IUCN and Rio Tinto Technical Series No1. Gland, Switzerland: IUCN. http://www.google.de/url?url=http://www.wbcsd.org/pages/adm/download.aspx%3Fid%3D5911%26objecttypeid%3D7&rct=j&q=&esrc=s&sa=U&ei=xP2OVb_KI8u3sQG57IXwCw&ved=0C

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6. http://www.hg-llc.com/corporate-biodiversity-management.html
7. WBCSD (2012): Biodiversity and ecosystem services scaling up business solutions. Company case studies that help achieve global biodiversity targets. http://www.wbcsd.org/Pages/EDocument/EDocumentDetails.aspx?ID=14923&NoSearchContextKey=true 31
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