"Forest-Smart Mining": The World Bank's Strategy to Greenwash Destruction from Mining in Forests

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According to the World Bank's press release, the Facility will "support the sustainable extraction and processing of minerals and metals used in clean energy technologies." The motivation behind this new World Bank initiative is obvious: “The clean energy transition will be significantly mineral intensive,” the World Bank explains on its website. (2) And the World Bank wants to be a central player in this "mineral intensive" transition. At the same time, it does not want to be seen to be funding an industry with an appalling track record of rights violations, a massive carbon footprint and a responsibility for large-scale deforestation and environmental devastation. The way out? A new initiative pretending that industrial mining can be "climate-smart", complemented by a report and case studies on "Making Mining Forest-Smart".

The first part of the "forest-smart mining" summary report provides an overview of the dirty and devastating reality of large-scale mining. The authors seem to have forgotten about the reality described in that first part, however, by the time they penned the section of the report outlining ***what might be*** if only the companies and governments responsible for the devastation and rights violations showed "responsible corporate behaviour". Why or how the real world mining industry linked to widespread destruction and violence would transform into such a responsible one, is explained neither in the report nor on the "climate-smart mining" section of the World Bank website.

Forest destruction as a result of industrial mining set to increase

Already today, seven per cent of the large-scale mines affecting forests directly are in tropical forest areas. In the report 'Making Mining Forest-Smart', the World Bank notes that "the number of new large-scale mines in forest areas commissioned yearly has increased from 4-10 during the 1980s to 20 or more in the last decade." (3) And the percentage of large-scale mines directly affecting protected areas is also increasing rapidly. Because the World Bank is an important funder of large-scale mining and the infrastructure linked to such mines, it needs to make sure that its own environmental guidelines will allow the Bank to fund the mines even where mining will destroy forests or take place in protected areas.

Offsetting to greenwash "mineral intensive" energy transition

Policies put in place in the 1990s and first decade of the current century which restrict World Bank funding of certain destructive activities, such as mining in protected areas, are being adjusted to enable funding of the "mineral intensive" energy transition that will cause large-scale forest destruction.

The International Finance Corporation (IFC) is the arm of the World Bank which lends money to corporations in the private sector. In 2012, the IFC amended its key set of policies and regulations guiding IFC financing, the so-called Performance Standards. A critical change in this revision was the introduction of biodiversity offsetting into the IFC Performance Standard Number 6, which is the standard most directly related to environmental issues. This change opened the door for IFC to engage again in funding destruction caused by large-scale mining even in protected areas and forests that fall within the Bank's definition of "critical habitat." All a mining company requesting IFC funding for destruction of protected forests has to do, is present a proposal for how to "offset" the destruction (see also article from Bulletin 215).

Unsurprisingly, biodiversity offsetting plays a central role in the World Bank report on "Forest-Smart Mining". It was prepared by Flora Fauna Habitat, an international conservation NGO that has been actively involved in biodiversity offsetting initiatives in the mining industry. (4)

The mining industry as future funders of REDD+?

The World Bank report also connects the expansion of large-scale mining with REDD+, the controversial mechanism that has dominated international forest policy for the last 15 years. The report claims that in countries where mining plays a big role economically and where the government has set up the institutions, policies and plans for REDD+, "REDD+ could offer an important mechanism for promoting forest-smart out-comes from mining." How could such a coming together of the mining industry and REDD+ look like in the eyes of the World Bank's 'forest-smart mining' consultants? "In Kenya, for example, the Kasigau Corridor REDD+ Project [offers] a market-based approach to offsetting, into which a smaller mining company could invest instead of establishing its own scheme."

This is the same REDD+ project which has cemented historical inequalities over access to land and which has been cited as an example where deforestation that allegedly would have happened without the REDD+ project is exaggerated in the project documents so that the project can sell more carbon credits. (5) It is also the same REDD+ project that provided a greenwashing opportunity for BHP Billiton, one of the world's largest mining companies. In 2015, the largest mining accident in Brazil's history at the Samarco mine in the Brazilian state of Minas Gerais killed 19 people and displaced 700. The mine is run by a company jointly owned by mining multinationals BHP Billiton and Vale. (6) Less than a year after this disaster, with the river affected by the spill still running red, the IFC promoted BHP Billiton as a REDD+ champion: As part of the IFC's 'Forest Bonds' initiative, BHP Billiton committed to buying any REDD+ carbon credits from the Kasigau Corridor REDD+ project in Kenya that buyers of the IFC's 'Forest Bonds' did not want. One purpose of this IFC initiative was to boost private sector funding for the REDD+ project and other REDD+ initiatives elsewhere that faced difficulties to sell their carbon credits. A buyer of a 'Forest Bond' (7) could choose to either receive their annual interest payment in cash or as a carbon credit from the Kasigau Corridor REDD+ project. And if Bond buyers did not want these REDD+ credits, BHP Billiton would take them instead. This was a welcome public relations strategy for BHP Billiton at a time the mining company was still facing the negative headlines from the mining disaster.

"Offsets are being offset"

In the section outlining "challenges", the report authors note that "increasingly offsets are being offset." The organisation Re:Common recently documented one such example in Uganda. (8) One condition for the controversial Bujagali dam to receive World Bank funding was that the hydro company had to commit to offsetting the destruction of iconic waterfalls that were being flooded by the Bujagali reservoir. A few years later, however, another company received approval to build another hydro dam on the Nile river – and the area flooded for that dam will flood the water falls that were to be protected as biodiversity offset for the destruction of the water falls as a result of the Bujagali dam – and the biodiversity offset is moved elsewhere. As described in the Re:Common report, this relocation of the biodiversity offset to a new site will once again restrict community use of land and fishing grounds and enable the expansion of luxury tourism facilities.

One thing is clear from even a cursory analysis of this World Bank proposal: A "significantly mineral intensive" energy transition that adopts the Bank's "Making Mining Forest-Smart" approach will be bad news for forests, forest peoples and the climate. The mining industry, meanwhile, can count on the World Bank to do its bit to greenwash the destruction and violence inherent in large-scale mining with this new oxymoronic 'forest-smart mining' initiative and accompanying pretty images for reports and websites.

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(1) Profor Website providing links to the 'forest-smart mining' report series
(2) World Bank Brief 'Climate-Smart Mining: Minerals for Climate Action'.
(3) World Bank (2019): Making Mining Forest Smart. Executive Summary.
(4) WRM (2015): World Bank paving the way for a national biodiversity offset strategy in Liberia.
(5) Re:Common (2017): The Kasigau Corridore REDD+ Project in Kenya: A crash dive for Althelia Climate Fund.
(6) Re:Common (2017): Mad Carbon Laundering.
(7) A bond is a loan from a private investor to a company or a government which use the money they raise through selling these bonds to private investors to finance projects and operations. Instead of borrowing money from a bank, the company or government or municipality borrows the money from private investors directly. The contract linked to the bond includes details such as the date by which the company or government has to pay back the loan. Usually, the buyer of the bond also receives regular – annual - interest payments. In the case of the IFC 'Forest Bonds', the private investors could choose to receive these annual interest payments in the form of REDD+ offset credits instead of cash.
(8) Re:Common (2019): Turning Forests into Hotels. The True Cost of Biodiversity Offsetting in Uganda.