

BIODIVERSITY OFFSETTING

A THREAT FOR LIFE

How a new dirty trick is facilitating the destruction of nature and the eviction of communities from their lands

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FOREWORD

This booklet aims at informing communities about a dangerous mechanism called Biodiversity Offsetting. It is used by the most destructive companies in the world to look like friends of Nature, while it allows them to profit from its destruction.

Biodiversity Offsetting is also used by some conservation groups to expand their control over communities' land, in the name of a very peculiar form of Nature protection that looks just as unfair as its depredation.

Talking with some communities affected by this mechanism, we realised how little they know about it, partly because its proponents never fully explain what biodiversity offsetting really is.

The main goal of this booklet is to offer the explanations that companies and conservation groups rarely give when they implement this mechanism, hoping that this will help communities to see biodiversity offsetting for what it actually is: a license to destroy Nature.

We believe that having access to full and honest information about projects that may affect them is a fundamental right of communities. It can also help them in deciding what is best for them and their territories.

INTRODUCTION

For hundreds of millions of people around the world, the destruction of Nature caused by forces in power has always been and continues to be an evident reality. Whether it is for extraction of timber logs, oil and minerals, the construction of large dams, the establishment of large-scale monoculture plantations, housing development, highways or other physical infrastructures, the world's forests, lands and waters have been destroyed and continue to be devastated, often with impunity, by the actors behind these projects.

Communities have long experienced first-hand the impacts of this devastation. When forests are cleared, water bodies polluted, or land is enclosed, the people whose livelihoods are deeply linked to these places cannot continue their way of life, and are often pushed into poverty and hunger.

Nonetheless, in the eyes of international financial institutions, governments and corporations, the conflict between the predatory development model they impose and the protection of Nature and community rights is somehow inevitable.

'This is the only way to create development and economic growth' is the slogan they have been continuously repeating. The enormous consequences on Nature and the communities that depend on Nature for their livelihood are just a collateral damage, an inevitable price to pay.

However, at the beginning of the 1990s, opposition and resistance to this model was mounting from multiple sides. Communities' struggles against multinational companies were increasing in number and intensity. A growing network of activists and NGOs supported these struggles, allowing them to reach international stages and general public.

State leaders and corporations could no longer afford to ignore the pressure coming from people and social movements; they had to find a way to protect their reputation, but without damaging their interests.

In 1992, world leaders, financial institutions, multinational corporations, and some of the largest conservation groups in the world like the World Wildlife Fund (WWF), Conservation International (CI), and The Nature Conservancy (TNC) came together asking themselves:

"What can we do to reconcile nature and economic growth?"

But this was the wrong question to ask in the first place. Indeed, how can an economic model which feeds off the destruction of forests, watersheds and critical ecosystems go along with Nature?

Obviously, the only way to protect Nature is to put an end to the system responsible for its devastation; however, those leading these discussions were key part of that system themselves.

GREEN ECONOMY: THE WRONG ANSWER TO THE WRONG QUESTION

The question was certainly wrong, but its answer was even worse.

With just a few adjustments, they claimed, it is possible to craft a green economy that will bring, at the same time, growth, conservation of Nature and benefits for people.

The most important of these adjustments, according to them, had to do with Nature and the way it is considered. In their view, the reason why forests, grasslands and other natural areas were being destroyed, was that their economic value was invisible to corporations and policy-makers.

Hence, the only way to protect Nature was to calculate and make its economic value visible. The planet's forests, grasslands and wetlands, the animal and plant species that they host, or in other words its biodiversity, had to be expressed in economic terms, since these are the only ones corporations understand.

Doing so, they argued, will help businesses and government leaders to see the 'true value' of Nature and the 'true cost' of its destruction. Hence, it will assist them in making better informed decisions, ultimately benefitting everyone.

At the same time, when companies will finally see the (economic) value of forests, meadows or woodlands, they will become more interested in protecting them which, in turn, will generate new resources (money) for conservation projects.

If, for instance, the economic value of a certain forest is higher than the value of converting it into a soy plantation, then it will make more sense for a company not to clear that forest.

For the green economy's proponents, a mechanism based on this kind of economic incentives can protect Nature in a much more efficient way than strict regulations could.

Biodiversity is an abbreviation of biological diversity, and is defined as "the variability among living organisms from all sources, and the ecological complexes of which they are part; including diversity within species, between species and of ecosystems".

In other words, biodiversity refers to how strikingly diverse the web of life is.

This diversity occurs within species (no two cows are identical), between species (a human is different from a tree) and between ecosystems (a forest is different from a desert). Diversity is fundamental to life, in the sense that it sustains the ecological functions on which all living beings depend, like the fertility of soil, the provision of food and water, the purification of the air, regulation of climate and many others.

Regrettably, in the green economy proponents' view, biodiversity is not a concept evoking the diversity of life. Rather, many governments, corporations, and some of the biggest conservation groups understand biodiversity as 'Nature without people': a collection of rare species living in demarcated 'protected areas', void of people.

This separation between humans and Nature makes no sense for some indigenous peoples who have traditionally lived in forests or grasslands, and see themselves as an integral part of Nature and biodiversity.

But these peoples, as well as peasant and other traditional communities, are often portrayed as a threat to biodiversity, and excluded from their territories, by those in charge of the unjust 'conservation' projects deployed by the green economy, such as biodiversity offsetting.

But how can the economic value of Nature be made visible?
How can one put a price on forests?

Achieving this complex task required to redefine Nature in a way that would allow to calculate its value and then say, for instance, how much money a given forest is worth.

To do so, these experts made an inventory of all the beneficial functions that Nature provide to us like food, air, water, shelter and many more, and called these functions ecosystem services, implying that their only reason to exist is to serve us. They said that Nature could be considered as a set of these ecosystem services that, in turn, could be isolated from each other, replaced and, crucially, priced!

To give some examples of this attempt to put a price on Nature: a study¹ published in 2010 by The Economics of Ecosystems and Biodiversity Initiative (TEEB) estimated that the world's forests could provide a "climate regulation service" worth about US\$ 3.7 trillion, and that the "pollination service" provided by bees could generate US\$ 200 million per year...

Now that the knowledge had been produced and ecosystems services had been priced, it was time for the proponents of the green economy to turn their ideas into reality. They had to create some innovative mechanisms that would allow them to apply their new concept of Nature.

FLAWS OF THE GREEN ECONOMY

Before we look closer at one of these mechanisms – called Biodiversity Offsetting – it is worth making a few considerations about the whole green economy theory.

Is it true that 'making Nature's economic value visible' will contribute to stop its destruction?

Do mechanisms based on economic incentives actually protect forests and other natural areas better than strict regulations?

Let's use one example mentioned above - bees and the price of pollination.

Suppose that there is a coffee grower in Costa Rica, who owns a plantation adjacent to a forest which is home to a colony of native bees. Bees are beneficial to coffee plants because they pollinate them, possibly increasing their yield. A study² said that these benefits can be as high as US\$ 60,000 per year!

For the coffee grower it might make sense to pay the owner of the forest not to clear it. In this case, the principles of the green economy seem to have worked: the forest owner has an economic incentive to keep the forest intact.

However, what happens if the coffee plantation is converted into a pineapples plantation? Bees do not provide any benefit to pineapples, they may actually damage them. In this case, the operator of the plantation sees no benefit in keeping the forest standing; actually he would be better off buying the forest and cutting it down.

This example clearly illustrates the risks of basing the protection of the forest exclusively on monetary considerations and the problems of replacing strict environmental laws (e.g. 'you cannot clear the forest') with incentives-based mechanisms.

Such an approach, in fact, justifies the destruction of all natural areas whose monetary value is low or still unknown. But places with low economic value might still hold immense historical, cultural and spiritual value for communities that are attached to them. Who will take these values into account?

This leads to another question: Does the loss of biodiversity really occur because corporations ignore its economic value?

Does the destruction of forests and grasslands from which communities depend for their livelihood happen because corporations do not know that destroying these places will cause immeasurable losses (including economic ones) to so many families?

Hard to believe. Looking at many cases, the destruction rather occurs because certain actors routinely and deliberately decide to ignore those losses.

For a corporation, increasing its private profit can justify causing a huge loss to a local community. Corporate actions are often deplorable, but they are not irrational or misinformed.

What is needed to stop the destruction of forests, grasslands and communities' territories is to challenge the power imbalances that allow it. "Making Nature's economic value visible' does not help to tackle this structural flaw.

THE REAL MOTIVES BEHIND THE GREEN ECONOMY

We explained that the green economy and its reframing of forests and natural areas as a set of ecosystem services does not contribute to stop the destruction of Nature. Then, what are the real motivations of its proponents including corporations, governments, financial institutions and some nature conservation organisations?

The green economy actually enables corporations to pollute or destroy Nature above legal or moral limits. It does so through a perverse mechanism called offsetting or compensation. The idea behind offsetting is that given that forests can be expressed as a collection of separate, measurable and replaceable ecosystem services, it is possible to compensate (offset) for their destruction, through the protection of the same amount (units) of the same ecosystem services, supposedly under threat somewhere else.

At the same time, the concept of ecosystem services is the latest attempt by global markets to trade Nature for profit, as they already do with land, minerals, or timber. However, ecosystem services are not physical products that can be extracted and transported like minerals or timber logs. In this case, markets trade in Credits, which are pieces of paper representing someone's promise to protect a defined amount of a certain ecosystem service somewhere. A company that wants to pollute or destroy can buy these Credits on the market in order to compensate for its impacts.

Besides, the green economy does something else. It legitimizes the destruction of Nature caused by corporations, providing them with a beautiful mask to cover it. By teaming up with some powerful conservation groups like Conservation International, Flora and Fauna International or The Nature Conservancy, companies are able to clean up their public image and pretend they do care about the environment.

Biodiversity offsetting is a perverse mechanism that allows mining and other destructive companies to achieve all these goals.

BIODIVERSITY OFFSETTING: WHAT IS IT ALL ABOUT?

According to its proponents, biodiversity offsetting is a conservation tool intended to compensate for the - in their view - unavoidable harm to biodiversity caused by major projects, such as mines, hydroelectric dams, highways and the physical infrastructures linked to these projects, for example roads, railways, airports and so on.

In a nutshell, it works like this:

A mining company called Green Gold wants to extract gold from beneath a forest, which sustains the livelihood of a traditional community, and that is home to some rare animal and plant species.

Normally, Green Gold would not be allowed to mine in such forest, as that would probably be prohibited by the law, or because it would face strong opposition from big conservation groups, due to the wealth of biodiversity that the forest contains.

Thanks to biodiversity offsetting, the government can give Green Gold the permission to destroy the forest in order to extract gold, as long as the company commits to protect another forest with similar characteristics and – supposedly – under threat, elsewhere.

Seems absurd? Well, it gets worse.

If there is no forest with similar characteristics to protect, the company can say that it will re-create the habitat of the "to-be-relocated" animal species elsewhere... Hopefully the animals will adapt!

But biodiversity offsetting gives Green Gold many other ways to compensate – or "offset" – its impacts on the forest. For example, the company can:

- » give money to some conservation groups to finance some of their programmes;
- » fund a State conservation body; or
- » train local authorities on matters such as the reduction of illegal hunting.

The company is claiming that, by financing these activities, it will prevent forest elsewhere from being destroyed. Regrettably, this claim is often based on the false assumption that such forest would otherwise be destroyed by indigenous, peasants or other traditional communities. In many cases, this lie is used by companies and big conservation groups involved in offsetting to justify the imposition of harsh restrictions on local forest use, or even the expulsion of communities from their territories.

In addition to the ones above, Green Gold has another option to offset its impacts on the forest: it can buy biodiversity 'Credits' on the market. As pointed out before, each 'Credit' represents a promise that biodiversity somewhere is being protected by someone.

After it committed to implement one or more of the options above (protecting another forest, give money to a conservation NGO, purchase of 'Credits') Green Gold can boast that it has achieved '**No Net Loss**' or even "**Positive Net Value**" on biodiversity.

The word 'Net' is very important, because it allows the destruction of biodiversity in a particular place, on the assumption that biodiversity will be protected somewhere else.

Crucially, there cannot be 'No Net Loss' of biodiversity without biodiversity loss occurring somewhere.

What the company is saying, and conservation NGOs are confirming, is that, in spite of having destroyed a particular and thus unique forest, the overall impact of Green Gold on biodiversity is null or even positive thanks to the conservation measures it will implement, the money it will give to governments or conservation NGOs, the biodiversity credits it bought on the market, or a combination of these.

HOW MUCH LOSS? HOW MANY CREDITS?

Let's have a closer look at how the mechanism works.

Green Gold has identified the location where it wants to set up a mine: a tropical forest. The company requests a license to the government in order to begin its work.

However the government is concerned that allowing Green Gold to mine in the forest will attract public criticism. It needs to be reassured that this won't happen.

Therefore, Green Gold decides to hire a conservation group, called Conservancy, to develop a Biodiversity Offsetting Plan for the company. This, they hope, should be enough to convince the government to grant the license.

The first step in preparing the plan is to calculate the impacts that will be caused by Green Gold's operations to biodiversity at the Project Site where the mine will be built. These impacts are calculated based on the Area and Quality of the forest that will be destroyed, and then expressed with a score.

To determine the Quality, Conservancy will look at certain characteristics of the forest (such as the number of animal and plant species that it hosts, the ability of those animals to find another home if the forest gets destroyed, the density and height of the trees, etc.). After having assigned a score to the Quality of the forest, and combined it with the Area, Conservancy can express

the loss of biodiversity caused by the mine with a score. It estimated that 50 Units of biodiversity will be lost.

In order to offset its impacts and achieve No Net Loss, Green Gold has to commit to protect at least 50 Units of biodiversity somewhere.

The company, assisted by Conservancy, has decided that it will commit to protect another forest somewhere else, that according to them is at risk of being destroyed. But will this be enough? Conservancy has to repeat the same procedure but this time to calculate the Gain of biodiversity. The NGO estimates that such gain will be exactly 50 Units of biodiversity. Green Gold can now claim it has achieved No Net Loss of biodiversity. Of course, this is all based on its own calculations...

However, Conservancy proposes to the company that it could do even better and protect even more biodiversity without even having to implement any other conservation measures.

It suggests that Green Gold buys a certain amount of biodiversity 'Credits' from a Biodiversity Bank. Each Credit represents a commitment made by, for example, another NGO to protect 1 Unit of biodiversity.

Green Gold accepts to buy 20 Credits, equivalent to 20 Units of biodiversity protected. Adding these 'Credits' to the conservation measures it promised to implement, Green Gold can now claim that it has achieved a Positive Net Value on biodiversity!

Finally, the company can get its mining license and destroy the forest.

THE MANY PROBLEMS OF BIODIVERSITY OFFSETTING

But does biodiversity offsetting work in the first place? Does this new scheme have the potential to protect forests, grasslands and animal species living in these habitats from the harm caused by mining and other development projects?

Sadly, the answer is no, and here are some reasons for its failure.

ANYTHING CAN COUNT AS OFFSET

In order to qualify as 'offsets' the measures that a company implements have to protect a natural area with similar characteristics than the one it destroys. In reality, however, it is often impossible to find, for example, a forest to protect that has similar characteristics of that affected by the project. To overcome this obstacle, companies and NGOs can commit to re-create that biodiversity somewhere else; often with terrible results.

RECREATING NATURE: A FEW EXAMPLES OF FAILURE

In Macedonia, the construction of a highway has caused damages to a gorge that was home to rare bird species. The company claimed that it would have compensated its impacts by 'recreating' a habitat for the birds, on a nearby mountain. But the newly created habitat did not work well for the birds, who decided instead to migrate to another country.

In Australia, another highway required the clearing of a vegetated area where rare species of parrots and squirrels used to have their nests. Once again, the developer committed to recreating the animals' habitat. The recreation consisted in the placing of six hundreds wooden boxes on a nearby area. Supposedly, the animals that lost their homes would have made their nests in those boxes.

Like for Macedonian vultures, though, the trick failed; the boxes are mostly empty or broken, while the company got its license to destroy.^{3 4}

In other cases, the offsetters promise to restore a natural area very different from the one that gets damaged. Like if someone breaks your car and offers you a bike in return...

It is also unclear how some of the 'conservation actions' proposed by companies should make up for the impoverishment of biodiversity caused by their projects. As we have seen, they can commit to finance a conservation NGO, research programme or government environmental departments, as if these measures could somehow compensate for the loss of animal and plant species and the forest itself. Governments, however, may welcome these monetary offsets which represent a source of revenues for them.

A DUBIOUS ADDED VALUE

Another problem of this mechanism is that the conservation actions to which companies commit often do not bring any additional conservation value to biodiversity.

In many cases, companies commit to establish new natural reserves, national parks or 'protected areas' as part of their offset actions, but often the areas selected by companies and NGOs as 'offset sites' had already been set aside as national parks, or were already protected under national legislation. This means that offsetting will not bring any additional conservation value to biodiversity.

In Georgia, for example, in 2011 a company was allowed to build a large dam within a national park despite the Georgian law explicitly prohibits it, because it committed to establish a new national park in another area of the country. Later on, it was found out that the area chosen as offset had already been designated to be a national park, with no proof that the company played any role in the process. Hence, offsetting has not resulted in additional conservation benefits, given that these benefits would have occurred in any case.⁵

DESTROY NOW, CONSERVE LATER... MAYBE!

Another flaw concerns the long time that can pass between the negative impacts that a project has on biodiversity, now, and the conservation benefits that companies claim offsetting measures will bring in decades. In Mongolia, for example, none of the conservation measures to which the mining company had committed in its 'offsetting plan' were implemented, even five years after the beginning of the mine construction.⁶

The outcomes of offsets are also very uncertain compared to the reality of the negative consequences caused by projects. In the United Kingdom, for instance, an area created as 'offset site' for the damage caused by the construction of a new road, was later destroyed in order to build a car park.⁷ In Australia⁸, the 'offset site' proposed by a mining company was already being sought for mining by another company...

And, as said before, the outcomes of this mechanism are uncertain because conservation measure may fail, as shown by the Macedonian and Australian examples, among others.

LACK OF ACCOUNTABILITY

In addition, those in charge of offsetting have little responsibility over the success of their compensation plans. Even when offsetting is mandatory, in most cases companies are only required to implement conservation actions and not to ensure that these activities actually work. Such a lack of accountability makes no sense, except, of course, for companies themselves. After all, who would feel safe driving a car knowing that the company that built it was only required to install seatbelts in it, but not to ensure that they would protect the passengers in case of an accident?

Moreover, there is often confusion over who should oversee the offsets (e.g. between national and local governments), which leads to inadequate monitoring and enforcement, as well as a lack of transparency.

WORRYING RESULTS

Contrary to what corporations and conservation organisations involved in this mechanism claim in their reports, several studies available show that offsetting often does not work.

For example, the National Conservation Council of Australia has recently conducted a broad research⁹ to evaluate some of the major biodiversity offsetting projects carried out in the country. Researchers have concluded that none of the eight case-studies reviewed has had good results for biodiversity (one project was deemed 'disastrous', five were considered 'poor', and only two 'adequate').

AN UNJUST MECHANISM: THE BURDEN ON THE LOCAL PEOPLE

Biodiversity offsetting is affected by the same flaws than the 'green economy' theory which underlines it.

It treats Nature as a bunch of merchandise that can be bought, sold and traded, like a car, disregarding the uniqueness and irreplaceability of Nature. Protecting a forest in a particular place can never compensate for the destruction of a forest somewhere else.

Moreover, dividing biodiversity into discrete and replaceable units ignores how deeply interconnected biodiversity is. Nature is a dynamic interaction of human and non-human relationships that cannot be reduced into stable, independent and quantifiable units.

Besides, this mechanism considers humans and Nature as completely separate entities, not taking into account the deep and intricate relations existing between communities and their territories, and how their interactions have shaped each other over generations.

The crude metrics used by offsetting proponents to calculate the value of a forest can never capture the unique historical, cultural and spiritual value that place may hold for indigenous peoples or local communities. Land that their models can evaluate as of 'no value' may hold immense value for communities that call it 'home'.

Finally, what makes biodiversity offsetting fundamentally unacceptable is the profound injustice that this mechanism sometimes perpetrates.

As we mentioned earlier, when companies and conservation NGOs design their 'offsetting strategies', they have to prove that, without the conservation activities they commit to implement, biodiversity that they allege to be now protecting would have been lost or severely degraded.

In order to fabricate this 'proof', the offsetting crew has to "create" a threat to biodiversity, so that they can claim to prevent it, often times twisting reality so that it fits into their plan. Local communities and their traditional livelihood practices often end up being portrayed as that threat.

The story goes like this: "Farmers or local people cutting trees will destroy this forest in the next 30 years, but with our conservation measures, we can avoid it."

Too often, this unfair representation results in the exclusion of indigenous peoples and local communities from their territories, under the pretext of establishing 'protected areas'.

BLAMING COMMUNITIES

Peru once maintained 55,000 square kilometres of Polylepis forests, but this number has been reduced by human forest and land use [THREAT] to between 700 and 1,200 square kilometres. The conservation implications of such alarming findings are obvious. Polylepis forests are a vanishing ecosystem urgently in need of conservation action [PROMISE TO PREVENT THE THREAT] and ecological study.¹⁰

These 'conservation actions' often take the form of restrictions and prohibitions on the use of forests or other lands, which are imposed on local communities without even consulting them. Where communities depend on the use of forests or other lands, such restrictions can result in many families losing their livelihood and being pushed into poverty.

But this representation is deeply unjust: in fact, some of the best conserved forests in the world are there thanks to the presence of communities that depend on and thus conserve them.

THE REAL WINNERS OF A RIGGED GAME

If biodiversity offsetting does not protect Nature and poses a threat to local communities, then who are its beneficiaries, and in what ways do they benefit?

COMPANIES

As already mentioned, companies have a lot to gain from biodiversity offsetting. It gives them a key to open doors that were previously closed to them: it enables mining and other corporations to access areas that were once considered no-go zones, such as national parks, ecological reserves or indigenous territories. The commitment to protect biodiversity elsewhere grants these companies a license to destroy those parks and reserves.

Moreover, offsetting represents a cost-cutting tool for corporations, since it allows them to use cheap offsets instead of implementing costlier measures that could prevent or mitigate the impacts of their projects, such as relocating the mine, changing the path of a road, etc.

Finally, biodiversity offsetting helps companies to clean their reputation claiming that they are doing something good for Nature.

GOVERNMENTS

But companies could not be doing all this without support from the State.

Over the past years, dozens of governments have developed policies or legislations that enable the use of offsets in their countries or seek to do so in the future; example include: Australia, New Zealand, Colombia, Peru, Gabon, South Africa, Germany, France and the United Kingdom.

Governments are attracted to offsetting because, among other things, it provides them with an opportunity to expand their control over territories where the State was not physically and fiscally present before.

At the same time, this trick allows them to grant more licenses to corporations and thus increase their revenues. In Mongolia and Liberia, offsetting has been conveniently introduced in the regulatory framework right before the development of new mining projects, that might have not been permitted otherwise. In both cases, these regulatory changes have been strongly influenced by financial institutions like the World Bank and the International Finance Corporation which, by the way, are investing in and profiting from those mines.

Governments can also benefit from the money that companies sometimes pay to State's agencies, as part of their offsetting plans.

Finally, this trick relieves governments from the burden of more stringent regulations, which could better protect Nature, but risk scaring big companies away, especially multinational ones.

CONSERVATION GROUPS

Then there are conservation groups. Why is that some NGOs are getting involved in this dangerous mechanism?

First of all, some of the conservation groups that are more involved in biodiversity offsetting like The Nature Conservancy (TNC), Conservation International (CI), Flora and Fauna International (F&F) or Birdlife International are strong business partners of the corporations that want to use this mechanism.

They have long been partnering with, for example, corporations like Anglo American – whose former chairman is now vice-president of F&F¹¹ - Chevron, Shell and Monsanto - which are all members of TNC's Business Council - ENI, or Rio Tinto, despite the massive destruction caused by these oil, mining and agro-companies.

Through these partnerships, conservation groups get several benefits, including funding, and the opportunity to expand the network of 'protected areas' under their control. In return, corporations benefit from good publicity, which helps them to decrease public criticism.

The influence of corporations on big conservation groups is so pervasive that in the boards of TNC, CI, or F&F there are plenty of company executives, including representatives from some of the most polluting companies in the world. For instance, the former chairman of major mining company, Anglo American, is now vice-president of F&F, while the former president of Duke Energy, one of US largest coal-burning company, sits on the board of TNC.¹²

Given the deep link between NGOs like CI, F&F or TNC and big corporations, it is unsurprising that they are keen to collaborate also in biodiversity offsetting projects...

There are also conservation NGOs, and some academics, that support biodiversity offsetting because they see it as a way to protect what is left of Nature. They may think that since the destruction of Nature is going to happen anyway, protecting a few species or landscapes is still better than nothing.

This is a quite dangerous stand to take. If the destruction of Nature cannot be stopped, then the goal of conservation becomes to only conserve those natural areas that companies are not interested in... Yet! It also means to completely give up from trying to challenge the interests behind this destruction, and to weaken communities' struggles to defend their territories.

Offsetting projects help corporations to legitimize their destructive operations, and a few more 'protected areas' cannot possibly be worth that.

HOW DO OFFSETS WORK IN PRACTICE? A (NOT SO) VIRTUAL STORY

AN ALIEN PROJECT IMPOSED ON COMMUNITIES

Biodiversity offsetting is a dirty trick designed and controlled by international institutions and companies and then imposed top-down to local communities. These organisations have little interest in consulting with the people living in the areas where they want to carry out offsets.

Negotiating with locals and properly taking their views into account is a slow and delicate process, which should be an obligation for anyone who wants to carry out activities on community land, but those in charge of biodiversity offsetting often do not want to 'waste' their time listening to local populations, as this may interfere with and slow down their plans.

Even though companies may organise workshops or meetings in the community, in most cases they will not share all the relevant information about the project. Sometimes, they don't even say that these 'conservation initiatives' are actually offsets.

Rather than meaningful consultations, these meetings look more like advertising campaigns that companies use to get communities consent through the promise of jobs and other benefits.

When the company in charge of biodiversity offsetting is a foreign one and it is unfamiliar with the place where it seeks to implement its project, it may enter into partnership with local NGOs, which then become their local arm and face.

Companies use this strategy to put a familiar face to their projects, hoping that this will reduce suspicion and increase trust from people.

Actually, this is just a disguise. These local organisations are hired and paid by those in charge of the biodiversity offsetting project and they are acting in their interest, not for the benefit of communities. Listen to how a community member in Madagascar describes the relationship between an international company – QMM - in charge of biodiversity offsetting in his community and its Malagasy partner – Asity.

"ASITY IS BASED IN QMM. WHEN ASITY DOES SOMETHING HERE, THERE IS QMM FINANCING IT. BECAUSE ASITY CANNOT DO ANYTHING WITHOUT QMM PROVIDING MATERIALS AND OTHER RESOURCES TO THEM. THEY ARE IN CAHOOTS"



THE FALSE PROMISE OF BENEFITS

Following first contacts with the local community, the next move of the offsetting crew is to begin spreading its message to the people.

Usually, the company or its local partner start reaching out to the community through meetings and other public events, with the main goal to get consent from the people living in the place where it wants to do business.

If the company would share the full story behind its offsetting plan, and make clear why and how it wants to implement it, it is unlikely that the community would give their consent to the project. Therefore, corporations, and some NGOs working with them, are often ready to employ sneaky methods in order to buy or manipulate this consent.

The most common of these techniques is to make big, but often empty, promises of economic benefits, such as jobs, that the project is going to bring to the community. For instance, they might say that many people will be hired to plant trees or as forest guardians, that micro-finance schemes will be set up for the community, and that alternative livelihoods, like vegetable gardening or animal husbandry, will be supported through trainings and funding. Basically, they want to convince the locals that life will be better for them thanks to biodiversity offsetting, in the same way they do to promote mining projects, arguing that their mine will provide jobs, social projects, tax income for the country, etc.

What they do not say, however, is that such benefits will be very limited in quantity and will only happen, if ever, for a few members of the community, and just for a limited period of time.



A DANGEROUS MESSAGE

Overtime, the offsetting crew will try and talk communities into thinking that their way of life is problematic and their traditional livelihood practices are harmful to Nature.

They might say that the forest is going to disappear because of local communities farming within it, or collecting firewood and timber from it. Their objective is simple: they seek to blame communities for the impoverishment of biodiversity, in order to convince them to accept the measures they propose, which often entail severe restrictions and cause fundamental livelihood changes.

Communities might be reluctant to accept these measures and abandon the way of life they inherited from their ancestors. Again, deplorable methods are sometimes used in order to confront any resistance from communities. One technique used in Madagascar is to hold meetings inside a church or other places of worship and to begin these meetings, where community members are told to stop using the forest the way they used to, with a religious service. That way the company and its local partners hope to minimize chances of disruption or protest to their plans. Similarly, the offsetting team may also refer to God and ancestors as the ones that requested protection of the forest for the sake of future generations.

“HERE’S THE REALITY: AT THE BEGINNING, GROUPS OF PEOPLE ALWAYS FIND WAYS TO DISRUPT SUCH MEETINGS. TO AVOID THIS, WE NEGOTIATED WITH THE LEADERS OF THE CHURCH TO START THE MEETING WITH A PRAYER, AND TO TAKE THE TOUGH DECISIONS IN THE CHURCH.”

ASITY REPRESENTATIVE

WHAT HAPPENS NEXT?

RESTRICTIONS AND FINES

International companies that want to implement biodiversity offsets have to demonstrate that, without such projects, biodiversity in a certain area would be at risk of being lost - remember the 'additionality' issue?

A strategy often used by companies to show that this risk is real is to create a story that portrays local communities as the 'villains' who are causing the destruction of Nature.

Traditional farming methods such as shifting cultivation or slash-and-burning, or cutting of trees by villagers for firewood or construction materials, are invariably chosen as the cause of biodiversity loss.

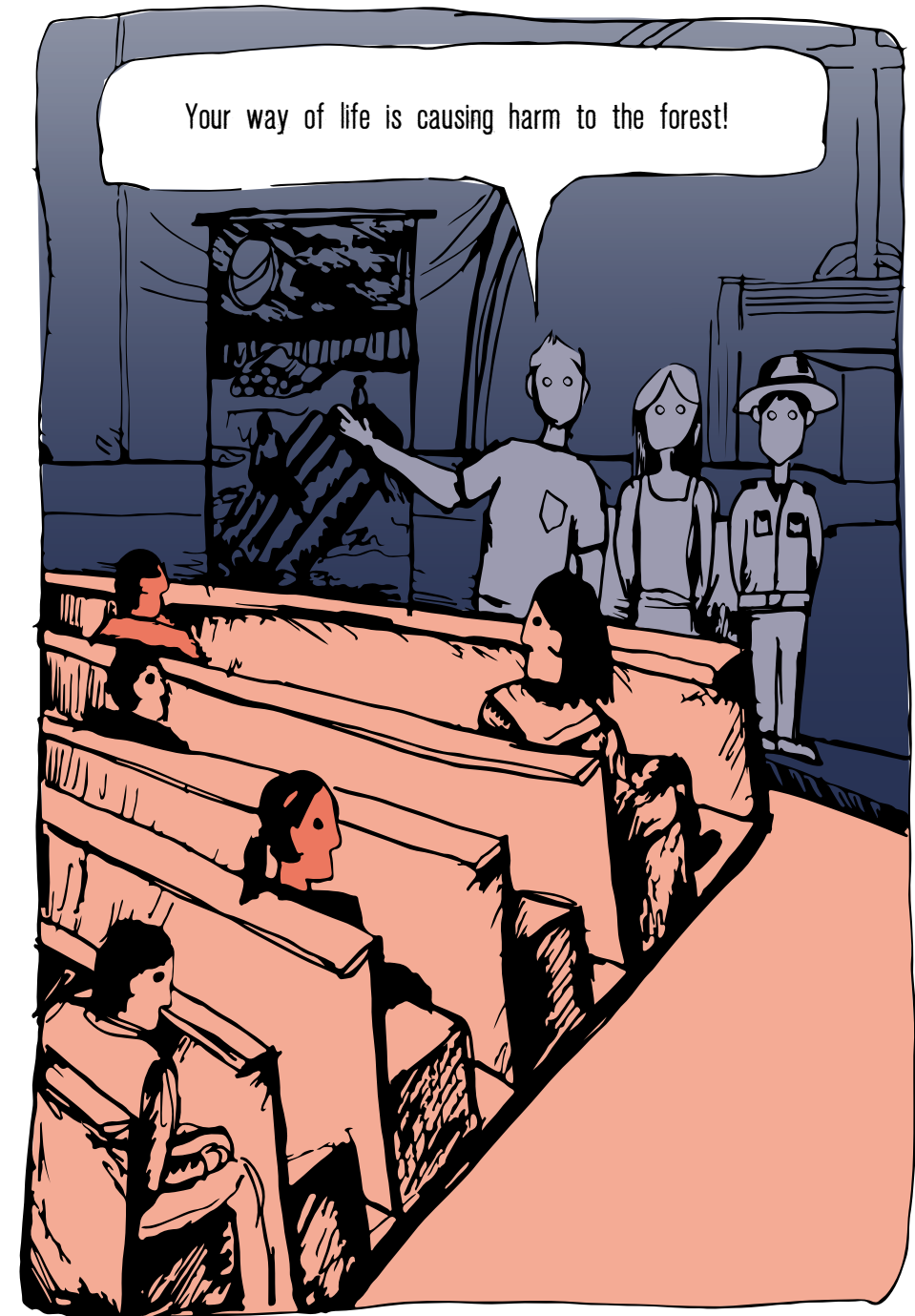
"The primary forests of Madagascar harbor incredibly high numbers of species found nowhere else in the world, but this habitat has been reduced to less than 15 percent of the nation's land cover due to a variety of factors, including seasonal subsistence slash-and-burn cultivation ("tavy agriculture") and charcoal production [...] The establishment of the Makira Forest Protected Area is based on an integrated approach to reduce human threats to the region's forests [...]"

Once this message has been packaged, the offsetting crew can proceed to the next phase, namely the imposition of restrictions on the use of the forest or grassland by communities. Often, these restrictions affect the very backbone of communities' economy and livelihood.

For instance, land that has traditionally been used for farming can be suddenly demarcated as "protected area" where agricultural activities are partially or completely banned.

Similarly, pastoralist communities might be told to reduce their herds, as land, water and other resources are no longer able to sustain them. It does not matter to the offsets' promoters that it is precisely because of their destructive industrial activities that biodiversity is being depleted.

The new rules may also make it difficult or even impossible for villagers to build a new house or a canoe, given that collection of timber from the forest is no longer allowed.





In some cases, the offsetting promoters tap into traditional institutions and norms that are respected within the community, to ensure that the new rules will be followed.

In Madagascar, for example, the local organisation involved in the biodiversity offset introduced a new 'dina' – a (traditionally, verbal) agreement which is part of the traditional system of regulating customary land use within communities – to govern forest use by villagers.

Contrary to the traditional process of negotiating and agreeing on a dina, the organisation imposed it from the top and without consulting the community. This is a clear example of how traditional institutions are abused to take advantage of local people by those who want to steal their land.

In addition, project organisations introduce a series of heavy fines for those who do not respect the new rules, and are found farming in the forest, collecting timber, etc. These fines may amount to up to 10 times the average monthly salary in the village. Who cannot afford to pay may end up in jail.

Very often, the proponents of offsetting propose some agricultural alternatives that, they claim, should help communities to cope with the loss of land, but normally fail because they are not appropriate to particular local circumstances. For instance, they may promote the shift to more permanent and intensive forms of agriculture, such as rice farming, or the introduction of tree cash crops, such as cocoa or oil palm.

In most cases, however, these much-advertised alternatives take the form of a few, short-term pilot projects at demonstration sites, largely inadequate to compensate for the loss of livelihood caused by the land-use restrictions imposed by companies and their offsetting partners.


FEW BENEFITS FOR FEW PEOPLE

Whereas restrictions and penalties come into effect almost immediately, the promised benefits often take much longer to materialize, if they ever do. Their nature and scale are also usually much smaller than what communities expected based on the company's and local partner's promises.

So-called income generating activities are normally short-lived, piecemeal and largely inadequate to compensate for the impacts caused by the restrictions in place as a result of the offset project.

In Madagascar, restoration planting is the only activity that has been carried out since the beginning of the project. Unfortunately, only about 20 people have been hired by the local organisation to plant trees. Furthermore, these jobs are generally temporary in nature, and cannot provide long-term financial security.

In addition to being very limited in number, these opportunities are often captured by the most connected and well-off individuals in the community. The process of benefit allocation is, in fact, strongly influenced by the partner organisations or local elites rather than being independently managed by communities. This interference in the process can result in the creation and exacerbation of divisions and inequalities within the community.



" IN 2013 ASITY CAME TO START PLANTING TREES. THEN THE PLANTING STOPPED IN 2014. HERE IN THE VILLAGE, ONLY AROUND 20 PEOPLE GOT WORK PLANTING TREES AT 3,000 ARIARY [1 EURO] PER DAY, AND IT WAS ONLY TEMPORARY. PLANTING TREES IS GOOD BUT IT DOES NOT GIVE US LONG TERM SECURITY. "

MALAGASY FARMER

HOW DOES IT END?

A THREAT TO LIVELIHOOD

Rural communities around the world strongly depend on Nature for their livelihood. A healthy relationship with forests, water and land is at the core of the way of life of hundreds of millions of people. But when this relation is disrupted by mining or top-down conservation initiatives, the very survival of these people is at risk. This is certainly true when the primary subsistence activity of a community is impacted and compromised by the new restrictions imposed by companies through their local partners.

In rural Madagascar, communities grew manioc at the edge of the forest, adopting shifting cultivation in order to allow the land to recover. Through this system, which has been passed on from one generation to another, villagers were able to sustain themselves with no help from the outside. But after the restrictions imposed by the biodiversity offsetting project came into effect, life became much harder for them.

The new rules do not allow farming within the forest or along the forest edge, forcing families to move their manioc plots on a sandy area - several kilometres away from their village - where the productivity of the soil is much lower. To give a practical example, if a 15 m² plot on the edge of the forest produced enough manioc to feed a family of five people for about a week, the same plot in the new sandy area produces only enough to feed five people for about one day. The result of such a dramatic decline in the average harvest is that many women, men and children have been pushed into chronic hunger or made market-dependent without regular income to afford the purchase of food.

In Armenia and Mongolia, the mining companies operating in those countries have come up with similar strategies to 'offset' the impacts of their operations: they told local herders to reduce their livestock or find new grazing areas. In these cases, companies are claiming to 'compensate' for their damages by telling communities to cope with the destruction caused by the mines!

"WE USED TO CULTIVATE MANIOC IN THE FOREST BEFORE THIS PROJECT CAME. NOW WE ARE NOT ALLOWED ANYMORE TO PLANT IN THE FOREST AND WE HAVE TO BUY OUR FOOD AND THIS IS A PROBLEM BECAUSE WE DON'T HAVE MONEY."

MALAGASY FARMER



TENSIONS AND DIVISIONS

But biodiversity offset does not only damage the livelihood and food security of local communities. Often, the very essence of the community, such as social relationship and traditional systems of community organisations, is threatened.

The influence of external actors and forces, in fact, can profoundly alter local dynamics and relations, creating tensions and divisions, that negatively affect communities' ability to work together and fight back against the negative impacts of projects imposed upon their territories.

Biodiversity offsetting projects can become a source of conflict in communities where they are carried out. For instance, organisations often hire local people as enforcers of the rules and restrictions that they have introduced. Some villagers therefore become forest rangers, tasked with controlling that no one from their own communities farm or collect timber where it is prohibited. Basically, locals are paid to spy on their neighbours, which is a blatant attempt to put community members against each other.

Combined with the biased allocation of benefits that rewards the powerful and exclude the poorest, this has the potential of creating strong division within communities. A divided community is precisely what companies want, as it allows them to weaken opposition and take control over community land.

On the other hand, communities that stand united against those who want to divide them and cause harm to their territories is what companies really fear.

THE FINAL INJUSTICE?

A DOUBLE LAND GRAB

While corporations get their license to destroy, governments benefit from their new source of revenues and increased control over territories, and conservation groups seize the opportunity to expand their network of protected areas, communities continue to be excluded from their land and means of livelihoods.

But with biodiversity offsetting, the injustice is double, because through this mechanism companies can take control over multiple territories, in different locations, at the same time. When a mine or a dam are built somewhere, the communities living in proximity of these infrastructures are the most affected, in terms of loss of land, pollution, water scarcity, etc.

With biodiversity offsetting, however, a mine can have impacts also on communities living tens of kilometres away from it. A company can claim that, in order to compensate for the damages that its mine is causing in forest A, it will take land away from Community B to protect it, as compensation for the damage in forest A - even if Community B lives in another province or region than Community A.

But any offset requires a large area of land in its own right. The result is that biodiversity offsetting not only displaces communities to make room for mines and infrastructures, but the very compensation measures supposed to make up for the impacts of these projects can cause the displacement of other communities, that otherwise would not be impacted.

A double land-grab in the name of biodiversity.

At the same time, forests are still cleared to make room for mines, rivers are diverted and dammed until they dry up, endangered species continue to suffer and go extinct because of habitat loss. All this in the name of a development model that is imposed from the top for an elite.

The idea that biodiversity can be saved by the very perpetrators of its destruction, through projects and mechanisms that are designed, managed and financed by big corporations, without halting their destructive activities and through the imposition restrictions to local communities that depend on Nature for their subsistence, is profoundly unjust and, unsurprisingly, it does not work.

CONCLUSIONS

The goal of this booklet is to inform about the risks of biodiversity offsetting projects, and we hope that at this point you would share our analysis that this is a dirty trick that facilitates the destruction of Nature, including communities, to the benefit of large-scale corporations.

Biodiversity offsetting is a license to destroy, that gives mining and other destructive companies even more control over Nature and territories, allowing them to carry out their operations in areas from which they were previously banned. It also allows them to reduce project costs, since they can replace impact mitigation and avoidance measures with cheap offsets. This mechanism does nothing to conserve biodiversity; it actually facilitates its impoverishment.

It is illogical to replace environmental regulations with perverse mechanisms that give companies the right to pollute and destroy, as long as they pay (when they do).

Forests, grasslands, mountains and deserts should be protected and not traded for profit. Nature is priceless, and it is not for sale.

Moreover, biodiversity offsetting results in more communities losing or being forced to change the way they live in their territories, in the name of a conservation model that is profoundly unjust and that does not protect Nature.

We deem unacceptable that the burden of the protection of Nature is placed on those who are least responsible and most affected by its destruction, while helping corporate polluters to greenwash the impacts of their businesses.

Putting a price on biodiversity does not protect it; it makes it even more vulnerable to corporate grab. 'Making Nature's value visible' does not help those communities whose needs and decisions are regularly ignored.

These green tricks do nothing to address the real causes of the destruction of Nature, which are rooted in a development model designed to take from the many and give to the few. Instead, it allows corporations to greenwash their reputation and continue with their destructive businesses undisturbed.

Offsetting cannot stop the destruction of Nature, because it is underpinned by its destruction. There cannot be an offset, without a forest, grasslands or woodland being destroyed somewhere.

For these reasons, we believe that it is of vital importance that civil society and NGOs stand united against this mechanism, and say: No to biodiversity offsetting!

VIDEOS AND FURTHER READINGS

VIDEO

No to biodiversity offsetting

<https://www.youtube.com/watch?v=VMAAoBpdklc>

Financialisation of Nature

<https://vimeo.com/43398910>

READINGS

Financialisation of Nature

<http://www.foei.org/wp-content/uploads/2015/10/Financialization-of-Nature-brochure-English.pdf>

Biodiversity offsetting: License to destroy

<http://www.recommon.org/eng/biodiversity-offsetting-license-destroy/>

Biodiversity offsetting in Madagascar

<http://wrm.org.uy/other-relevant-information/new-report-rio-tintos-biodiversity-offset-in-madagascar/>

Nature is not for sale

https://www.foeeurope.org/sites/default/files/foee_position_nature_is_not_for_sale.pdf

Biodiversity offsetting: friend of foe?

<https://www.foe.co.uk/sites/default/files/downloads/biodiversity-offsetting-friend-or-foe-45606.pdf>

Statement: No to Biodiversity Offsetting

<http://wrm.org.uy/meetings-and-events/over-100-organisations-call-for-an-end-to-biodiversity-offsetting-plans/>

Nature is not for sale - website

<http://naturenotforsale.org/>

ENDNOTES

¹ <http://www.teebweb.org/our-publications/teeb-study-reports/synthesis-report/>

² The study in question was conducted by four American researchers and published in 2004 with the title: 'Economic value of tropical forest to coffee production'. Available at: <http://www.pnas.org/content/101/34/12579.full>

³ Macedonian case: <http://www.recommon.org/eng/biodiversity-offsetting-license-destroy/>

⁴ Australian case: <https://theconversation.com/the-plan-to-protect-wildlife-displaced-by-the-hume-highway-has-failed-78087><https://theconversation.com/the-plan-to-protect-wildlife-displaced-by-the-hume-highway-has-failed-78087>

⁵ <http://greenalt.org/dariali-hydro-power/>

⁶ <http://www.recommon.org/eng/blessed-last-shall-first/>

⁷ <http://www.fern.org/sites/fern.org/files/Trading%20away%20rights.pdf>

⁸ https://www.nature.org.au/media/265228/bio-offsetting-report_v14.pdf

⁹ <http://www.smh.com.au/environment/nsw-offsets-program-pushing-more-endangered-species-to-brink-report-says-20170310-guv6hm.html>

¹⁰ Example (http://www.forest-trends.org/documents/files/doc_539.pdf)

¹¹ <http://www.fauna-flora.org/about/presidents/>

¹² <https://www.nature.org/about-us/governance/board-of-directors/index.htm>

