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.

Winnie Overbeek, winnie (at) wrm.org.uy

Member of the WRM International Secretariat

(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/

(8) http://wrm.org.uy/books-and-briefings/redd-a-collection-of-conflicts-contradictions-and-lies/

(9) http://www.thejakartapost.com/academia/2016/07/13/supporting-aseans-2025-vision.html

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.