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## Mozambique: The Threat of Biodiversity “Offsets”

*BIOFUND, a conservation fund to finance protected areas in Mozambique—with support from the World Bank, international cooperation and conservation NGOs—intends to use biodiversity offsets to obtain resources and speculate in financial markets.*

Analyses of Hurricane Idai’s recent passage through Mozambique indicate a strong relationship between this devastating hurricane and extreme weather events. It is a dire warning that the problem of global warming must be resolved urgently. Unfortunately, that is not expected to happen. **Governments of the most industrialized countries, pressured by their multinational corporations and financial institutions—such as the World Bank—are promoting so-called “offset mechanisms” in response to the ongoing destruction and environmental contamination.**

One of the best-known offset mechanisms is REDD, which stands for Reducing Emissions from Deforestation and Forest Degradation (1). Instead of reducing the carbon dioxide emissions from the burning of oil, gas and coal—which is the main cause of global warming—this mechanism allows polluting industries to “offset” these emissions from their own countries in another place, for example in Mozambique.

The government of Mozambique is committed to the REDD mechanism. **By adopting a definition of forests that accepts any area with trees, the government is including monoculture tree plantations in its REDD strategy.** This is evident, for example, in the “Forest Agenda 2035.” In this document, published at the beginning of 2019, the government states that it intends to plant one million hectares of trees by 2035 (2). In addition, it seeks to attract foreign financing for REDD in forested areas. It recently signed a US \$50-million agreement with the World Bank, with the objective of reducing deforestation, and with it, carbon dioxide emissions from forests (3).

### ***Biodiversity Offsets***

Another, lesser-known offset mechanism, but one that has been proposed for Mozambique, is offsets for biodiversity loss. Its proponents claim that in the case of companies that destroy biodiversity, such as through open-pit mining, a biodiversity offset project elsewhere could “compensate” for that destruction, by maintaining or improving biodiversity in the other place. According to its proponents, this mechanism could ensure that there is no “net” loss of biodiversity.

The most utilized way to apply this mechanism has been through individual projects. For example, the British-Australian mining company, Rio Tinto, is extracting ilmenite in Madagascar to export to Canada. To compensate for the destruction of biodiversity caused at the mine, the company installed a biodiversity offset project in another forest with similar characteristics, 50 kilometers north of the extraction site. The company claims that this forest is threatened, and that its offset project—in collaboration with the NGO, Birdlife International—could save it. According to the company, a tree plantation project would even “increase” biodiversity (4).

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However, the strategy planned for Mozambique seems to focus on another kind of offset for biodiversity loss. A 2016 document known as the “Mozambique Biodiversity Offsets Roadmap,” prepared by World Bank consultants in collaboration with BIOFUND in Mozambique, proposes a national system to implement biodiversity offsets, “minimizing environmental damages caused by rapid economic development.” The proposal aims to **mitigate “the adverse impacts of large-scale development projects,”—as the companies that cause the destruction would contribute to the maintenance and even expansion of Mozambique’s protected areas system.** They also state that individual projects—such as the example of Rio Tinto in Madagascar cited above—would be part of the proposal. The system of protected areas in Mozambique covers 26% of the national territory, yet receives only 9% of the resources that would be needed for their maintenance.

### ***What is BIOFUND?***

BIOFUND is a conservation trust fund that was created in 2011. These kinds of funds now exist in over 80 countries, and they have “mobilized close to US 800 million dollars for conservation,” from governments and financial institutions interested in financing protected areas through such funds. Although it claims that it would not supersede the responsibilities of the State, **BIOFUND is a public-private partnership that was created to assume the role of financing the protected areas system of Mozambique, with support from the World Bank, bilateral international cooperation agencies and conservation NGOs.** The aforementioned report by World Bank consultants boasts that BIOFUND is an “independent, private, non-profit” organization that is “well-positioned to receive, manage and disburse funds for offsets over time” (5).

The main problem that BIOFUND points out in financing conservation in Mozambique is the dependence on external resources. In 2014, 81% of conservation was financed with external sources. BIOFUND’s solution was to create **a fund that captures relatively large contributions, and speculate with that money in financial markets to increase the size of the fund. The profits generated would be invested in environmental conservation.**

Evidently, **the biodiversity offset mechanism appears to be another possible source of resource capture,** as long as there are biodiversity-destroying projects that have been proposed and implemented within Mozambique. In fact, Mozambique is experiencing a phase of economic growth that is higher than the global average, stemming from projects and industries that cause major destruction to biodiversity—such as mining, oil and gas extraction and hydroelectric power plants.

### ***The Role of the World Bank***

The World Bank has had a key role in the propagation of offset mechanisms, such as REDD and biodiversity offsets. In its criteria from 2012, the International Finance Corporation—the Bank’s arm that finances private companies—included the option for companies to destroy critical biodiverse areas on the condition that they present a plan explaining how they intend to “offset” that destruction.

In 2015, the Bank produced a report for Liberia similar to its Mozambique report. In the report, it shows how Liberia can use money from the mining sector—which has a strong presence in the country—to finance “protected areas” (6). This is what they call an “opportunity” for the conservation sector. What is not mentioned is that wherever these companies set up, areas rich in biodiversity will be destroyed. Nor is it mentioned that mining will also destroy the livelihoods of local communities, just as Brazilian company Vale’s mine in Tete province in Mozambique has done. Nor is there discussion about how with offset projects, an even larger number of communities will face various

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problems.

### ***What Are the Threats of Biodiversity Offsets?***

**The first threat is the logic of the mechanism in and of itself**, which depends on destruction in order to pledge “offset” resources in other places—thus creating the need for the narrative that these other places are under some threat. The consultants who develop this narrative generally blame communities as being the main threat. This is a simplistic view of reality, and a perverse one for communities that depend on forests. It means that **the more destruction there is, with all its well-known disastrous consequences, the more resources BIOFUND will receive**. The mechanism ends up creating an incentive for environmental destruction in Mozambique to continue and worsen. One may ask: How can a “conservation” fund, such as BIOFUND, feed off of the destruction of the biodiversity that it claims to conserve? Should it not help stop the destruction in the first place?

It must also be stressed that **it is impossible to “offset” the biodiversity of one place in another place**—since every area, place and site has specific and unique biodiversity, which is particularly important for communities, and should be valued and conserved. The biodiversity of a place cannot be subjected to a simplistic view that uses mere economic calculations and incomprehensible equations to claim an “offset” or “net” losses.

The mechanism poses another threat, both to the communities and to the areas and forests upon which they depend. In the case of the Rio Tinto project in Madagascar, the communities living in the “offset” area were subjected to severe restrictions. They were labeled as a threat to the conservation of biodiversity in that place, despite the fact that they have been living there and safeguarding the forest for generations. **In the case of Mozambique, when the World Bank states that resources from destructive companies can also be used to expand protected areas, this means that communities living in these areas run a serious risk of expulsion**. This would generate more situations of conflict and environmental injustice in the country, and land grabbing would double: in the areas of destruction and in the offset areas.

It is important to highlight that large corporations support the creation of mechanisms like biodiversity offsets, as they are a way for corporations to continue destroying and profiting for a longer time. **Despite the promises in World Bank documents that this mechanism—through BIOFUND—could benefit communities, experience shows that they will be much more harmed by losing lands and forests upon which they depend**. Combatting deforestation and conserving biodiversity is clearly necessary and urgent. But it cannot be done by establishing destruction as an “opportunity” to conserve. This is pure opportunism, which perpetuates the profound social and environmental injustices of a devastating economic model that is ever-deepening in the country.

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(1) Industries can buy pollution certificates, the so-called carbon credits, which give them the right to pollute. Through the REDD mechanism, a country with tropical forests is paid to conserve a forest that is supposedly under threat, or to establish a tree plantation to absorb and therefore store carbon from the atmosphere. Through this action, the ongoing industrial pollution would be “offset.” But it is a false solution. Forests or plantations are temporary carbon sinks, while industries that purchase the right to pollute continually add more carbon dioxide to the atmosphere. In this way, over the course of time, REDD exacerbates global warming. Furthermore, REDD projects and tree plantation projects—such as pine or eucalyptus trees—cause many other problems for local communities, who

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lose access to forests and fertile lands. To make matters worse, communities are generally pointed to as being mainly responsible for deforestation and environmental degradation.

(2) [Agenda Florestal 2035 e Programa Nacional de Florestas](#). Mitader, Febrero 2019, Documento para divulgación y consulta pública.

(3) The World Bank. [Mozambique and Democratic Republic of Congo Sign Landmark Deals with World Bank to Cut Carbon Emissions and Reduce Deforestation](#), February 2019.

(4) WRM Bulletin 223, [Rio Tinto's Biodiversity Offset in Madagascar: How Culture and Religion are Used to Enforce Restrictions](#), 2016

(5) [BioFund](#)

(6) WRM Bulletin 213, [World Bank paving the way for a national biodiversity offset strategy in Liberia](#), 2015