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Can Environmental Funds Improve The Biodiversity Performance Of Extractive Industries In Africa?

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One of the sessions this week at the World Parks Congress presented the outcomes of a workshop I facilitated in September in Doula, Cameroun. The workshop brought together environmental funds from across Africa to explore how they could engage with extractive industries – mining, oil and gas. Interestingly, the workshop was organised by Funbio, a large Brazilian biodiversity fund, for CAFÉ (the Consortium of African Funds for the Environment) on behalf of RedLAC (the Latin American and Caribbean Network of Environmental Funds).

In our session at the World Parks Congress, we noted that extractive industries were developing new projects throughout Africa and that African governments were actively supporting these investments. For environmental funds operating across the continent, mining, oil and gas operations are important because they can have significant impacts on natural landscapes and wildlife. However, they are also important because they can generate a lot of money.

So if environmental funds could engage with the extractives sector, they could perhaps help the companies to reduce their impacts and, at the same time, they could perhaps raise new funds for priority conservation areas. The challenge, however, is to figure out how to engage substantively and to have a positive influence on extractive operations and on allocating some of the money they generate to conservation.

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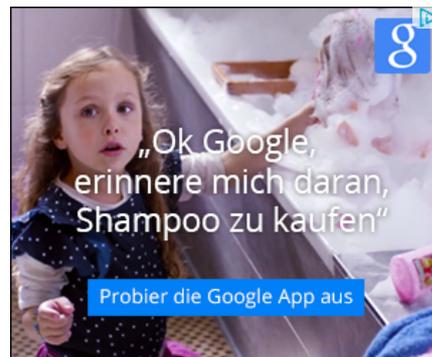
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In this respect, we explored the role that international standards and guidelines could play to strengthen the strategic position of the environmental funds with specific extractive projects. In particular, we looked at Performance Standard 6 of the IFC (the International Finance Corporation) and its lifecycle approach to biodiversity mitigation including avoidance, minimization, restoration, and, if necessary, compensation or offsets.

For example, an environmental fund could help an extractive company ensure that its avoidance of critical or protected areas is sustainable by managing funds to conserve these areas. Or over the lifecycle of a project, an environmental fund could manage funds to finance ongoing minimization of impacts, restoration of impacted areas, and any compensation or offsets that may be required. The environmental funds, of course, could as well also help extractive companies channel funds to priority conservation areas in their host countries as part of their corporate social responsibility commitments.

The discussion in our session in Sydney highlighted the need for environmental funds to be engaged early on in the development of an extractives project. This too requires that environmental funds in Africa become familiar with the IFC's environmental and social standards as these are driving many FDI (foreign direct investment) decisions. For example, environmental funds need to position themselves as interested stakeholders early on in the planning phase to express their views on how to mitigate potential biodiversity impacts through the design of the project.



Biodiversity management guidelines already developed or under development by extractive industry associations such as IPEICA and ICMM may play a key role here. For example, a recent biodiversity mitigation timeline tool developed by CSBI (the Cross Sector Biodiversity Initiative) tracks biodiversity mitigation and financing across the lifecycle off a project. This provides insights into when and how an environmental fund might engage strategically with an extractive project from planning through to decommissioning.

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