

**INTERNATIONAL FINANCIAL ARCHITECTURE AND THE COMMODIFICATION
OF LIFE**

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Funded by:

GLOBAL FOREST COALITION

BOGOTÁ, JUNE 2007

CONTENTS

INDEX OF TABLES	Error! Bookmark not defined.
INTRODUCTION	3
THE GENESIS AND DEVELOPMENT OF AND RESISTANCE TO THE COMMODIFICATION OF LIFE	5
What is commodification: definitions and consequences	5
FINANCIAL INSTITUTIONS AND INTERNATIONAL COOPERATION AGENCIES: STRUCTURES BUILT FOR LOOTING	9
MECHANISMS FOR FINANCING THE PRIVATIZATION AND COMMODIFICATION OF LIFE.....	13
Strategies.....	14
<i>Markets for Environmental Services (MES)</i>	15
<i>Public Private Partnerships</i>	17
<i>Global Environmental Facility</i>	Error! Bookmark not defined.
<i>The Prototype Carbon Fund and the BioCarbon Fund</i>	22
<i>The World Bank Forest Carbon Partnership Facility</i>	24
<i>Climate Investment Funds</i>	26
CONCLUSIONS	26
BIBLIOGRAPHY	30

INDEX OF FIGURES

Figure 1 International Financial Institutions mapping	10
Figure 2 World Bank and Transnational corporations' investment priorities in 2005. Sources: World Bank 2005 and UNCTAD 2006.	12
Figure 3 Facility resources allocation from cofinance sources. Source: GEF Annual Report 2005 p. 18	18

LIST OF TABLES

Table 1 Top ten countries by voting power at IBRD	11
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INTRODUCTION

A system has been developing in the world for the privatization and commodification of life, negotiated and implemented by multinational corporations and international financial institutions which rob people of the sovereignty to manage their own natural resources and, consequently, inhibits their chances of survival. Privatization and commodification, as we understand them, are the processes of creating marketable products (goods that are bought and sold); the private appropriation of them; and selling them via monopolizing the terms of trade (money), these processes ignore the impossibility of being able to establish the true value of natural resources, either social or cultural, yet, nevertheless, persists selfishly in reaping any inherent profit. These processes are designed to make a few private operators richer, by increasing their income and lowering any costs incurred by their endeavors. In order to achieve this, the private operators constantly seek new sources of wealth which entail low costs and, therefore, higher yield. That's why they eventually target natural resources as elements whose demands are assured and whose costs are subsidized by nature.

International financial structures have played leading roles in the privatization and commodification of life through various instruments and mechanisms such as the formulation of policies and the funding of 'development'. They ushered in the appearance of the environmental strategy of the World Bank in 2001, as well as in instruments such as the Global Environment Fund, and forest-related alliances among multilateral organizations, such as the the BioCarbon Fund, the Prototype Carbon Fund, and the Forest Carbon Partnership Facility, this last launched at the UNFCCC COP13 in Bali in 2007.

These roles emanate from, amongst other reasons, the organic structure of this network of institutions, which has been continually defined and consolidated by industrialized countries, since its inception over fifty years ago. These structures have their base in the economic power of a small group of countries and, in turn, a few specific elites within them, that have managed to hold sway, by way of looting and domination, over countries that have crucial environmental resources. As a consequence of the actions of this network of institutions and the elites that are present in multinational corporations, the process of looting is being consolidated through both blunt and subtle strategies, which include financial mechanisms designed to promote sustainable development, technical assistance and cooperation for development. Looting was evident in, amongst other events, the evolution of the patenting of living things for biotechnological development, that nourishes the international

pharmaceutical industry; the privatization of protected natural areas for the benefit of the ecotourism industry; the privatization of water; and, generally, the exclusion of communities from the use and enjoyment of their land.

Colombia can be seen as a case that illustrates not only the character of the participation of international financial institutions and other bilateral institutions in the privatization and commodification of life, especially in the case of biodiversity, but also in relation to other areas such as water. Tactics used by the international financial architecture and bilateral agencies to achieve these processes include legal, financial, economic and communication strategies, among others. The country, subsequently, is confronted by problems connected with the exclusion of communities from the use of their land, the fragmentation and looting of it and, in some cases, total forced displacement. This document, however, only tries to illustrate the processes of privatization and commodification used by these parties since an inquiry into the consequences of them goes beyond its scope, however some will be listed.

This work was aimed at describing the involvement of these institutions in privatization processes at a general level and will use specific case studies to illustrate our findings. The document is divided into four parts. After this introduction, the reader will be introduced to the concept of commodification, the historical and ideological framework from which it stems and the resistance to it building up from below. The second part sets out the role of the environment in international financial institutions and bilateral agencies including description studies of them; the instruments used to deal with the environment; and privatization and commodification initiatives present within their actions. The third part contains illustrations of previous case studies in Colombia and India. Finally, we will present the conclusions of our work.

THE GENESIS, DEVELOPMENT AND RESISTANCE TO THE COMMODIFICATION OF LIFE

What is commodification: definitions and consequences

The concept of commodification is derived from the concept of the (self regulated)¹ market, an essential element of classical and neoclassical economic theory. This concept of market associates with other concepts that qualify it and give a framework for commodification: money and profit. In this sense, the market, rather than being a place, is an 'institution', a social arrangement, in which you find producers and sellers making exchanges (Mankiw, 2004 p. 39). Such exchanges have a special characteristic which is that they are motivated by profit, i.e. a surplus that allows accumulation. As a result of these factors, commodification thrives generally and of life particularly, and is accepted as the process through which an item is exchanged for money in the market to realize a profit, thus becoming a commodity (Williams 2003, p. 858).

At this point, commodification can be arrived at through two other important processes within the prevailing economic model: privatization and commercialization (Bakker, sf). Privatization refers to the process through which private agents looking after their own self interests, appropriate things that were once publicly owned in the sense of being collectively owned by the state or community. An example of this process, is the one that has been carried out in developing countries, under the tutelage of the International Financial Institutions (World Bank and IMF), in the framework of Structural Adjustment Programs in the nineties, where state enterprises were auctioned to the 'highest bidder' from the private sector, usually one from overseas. In Colombia, utilities, telecommunications, social security and other basic services for the welfare of communities were privatized, i.e. moved from public to private hands, in the 90's and the early twenty-first century.

On the other hand, commercialization is defined as the introduction of elements that were previously outside the market system, i.e. that were not subject to monetary mechanisms, into it. This means that things that were previously free now have to be paid for and one needs to have monetary means to access them. What this means is that now we can talk the same language: money talk. So communities previously estranged to market capitalism are now forced to participate in it, and are subjected to the mercy of its more experienced players. Examples of the commercialization of life are Clean Development Mechanism projects, especially in the field of forestry, where vital environmental functions are sold and purchased, or biopiracy, which happens when pharmaceutical

¹ The accepted use of the term market comes from neoclassical economics, well discussed by Polanyi, K. (1994)

corporations steal nature and traditional knowledge from local communities.

Commodification is therefore the creation of goods brought about by their private ownership, commercialized through the universality of the language of trade, regardless of the impossibility of attributing values to natural, social or cultural elements and selfishly seeking to benefit from the profits that they realize. This is what happens when you convert natural phenomena such as the 'creation' of air, scenic beauty, water, the atmosphere, and indigenous cultural practices – in short, life in general – into commodities. Now we will describe the historical and ideological context in which the process of commodification of life is consolidated.

Commodification, as mentioned in the preceding paragraph, is the product of historical processes defined by and in turn defining specific ideological elements that characterize what we call the economic model of capitalist accumulation. This social arrangement occurs when what was formerly known as the market (place) becomes a system (institution), land and labor become commodities and the protagonist of societal life is capital, acknowledged as the machine (Polanyi 1994 p 253). This economic model has the quest for profit as its engine, i.e. the quest for revenue. In this sense, 'economic' no longer refers solely to the satisfaction of needs through the process of production, but also and principally to accumulation from the creation of surpluses. To achieve this goal, the economic model of capitalist accumulation holds as a fundamental principle private ownership of the means of production, since it is from them that surplus can be created in the face of its scarcity. For the right of private ownership to exist, this model has the seizure of the means of production as its plan of action and uses processes such as privatization, commercialization and commodification, as explained in the previous section.

This economic model applies to both individuals and groups, for if individuals appropriate the means of production, they produce, earn and accumulate. Groups, which were countries at first and are now corporations as well, must also accumulate if they are to stay within the widespread economic scheme of things, thus this behavior results in what is known as economic growth. This growth arises from exchange between countries or corporations, and must also create profit. Thus, according to the 'science' that studies the economic model of capitalist accumulation, countries behave as individuals, appropriating, privatizing, commercializing and commodifying. Some countries and corporations win and others lose.

These conclusions are not the result of experience, but of the 'scientific' works of a group of individuals who have studied and continue to study

economic relations coldly and objectively, in line with Newtonian physics and ignoring the social and environmental consequences of the same behavior. In this regard, while economic relationships were being developed within society, economic scholars, using the techniques of physics, began to describe the behavior of the economy using a number of assumptions, these descriptions later becoming recipes for dictating the economy. This is how some ideas about what makes up the economy are shaped: they are very weak in foundation, but have been used, nonetheless, like a 'quantum leap', to convert them into the aims of a society. Thus, neoliberal ideas emerge, promoted by the 'think tanks' of the economy and applied not on the ideal *homo economicus*, subject of their studies but to social collectives, countries, that do not only seek profit but different interests.

As a result of processes shaping the capitalist economic model formed by the collected parties, countries and the implementation of 'recipes' created by economists, what is known as economic globalization sprung forth. This is a process which gives free movement to elements of the physical economic flow - goods, services, the means of production and of the financial flows within the economy. This economic and financial globalization, however, has not been accompanied by regulatory mechanisms and social and political control which could avoid the asymmetries on many scales among the subjects of globalization. Bearing this in mind, what has been observed since the emergence of this trend is an increased level of concentration of economic wealth in a few non-formal structures, such as international corporations, and the loss of the legitimacy of international political institutions regarding international financial institutions which seem to define the new global regime.

Parallel to this process, an environmental crisis has begun to appear, a phenomenon that has gained prominence in recent years but has been forged over the past 150. This crisis is being experienced by human communities as a result of forms of social organization which destroy the natural environment - the petro addicted economic model of capitalist accumulation. This crisis can be defined using the concept of socio-environmental conflicts or 'conflicts of ecological distribution', a concept coined by political ecology. Environmental racism, toxic struggles, environmentally unequal trade, the internalization of international externalities (Martinez Alier 2005 p 99)² are all examples of such conflicts,

² Environmental Racism: Burden of disproportionate pollution in the areas inhabited by ethnic, cultural or political minorities; toxic struggles: struggles against the dangers of heavy metals, dioxins, etc.; environmentally unequal trade: to import products from poor countries or regions with prices that do not take into account the depletion of the natural resources; internalisation of international externals: court cases against multinational corporations in their home country seeking compensation for externals occurring in poor countries; ecological debt: claims for damage caused by rich countries because of excessive emissions or the plundering of the natural heritage (Martinez Alier, 2005 J p 99)

which have an impact on the livelihoods of local communities and their lands. Thus socio-environmental conflicts, defined in terms of political ecology, spring from the environmental impact of economic growth by *"the displacement of the sources and of sinks"* (Martinez Alier, 2005 p 13).

Faced with the phenomenon of the environmental crisis, social movements that are understood as the grassroots forces that confront the situations described above, have been organizing and are acknowledged as the basic force for challenging the economic and political model based on capitalist accumulation (Sosa 1997). This model is, however, also capable of integrating the demands of many of those who challenge it, given its features such as its need for appropriation.

In the case of environmental movements, for example, this appropriation materializes in discourses on sustainable development, eco development and market environmentalism, among other strategies. Thus, economics, as defined by capitalism, co-opts the language of environmentalism in order to eliminate any antagonism that puts its hegemony at risk. This is how, now the environment and nature appear as an economic phenomenon, a resource to be exploited, a commodity, a service, as a natural form of capital, trivializing its role in supporting life itself. Its role in the economic process is now 'recognized', where it was previously overlooked. Not so much the environmentalization of the economy is happening but the economization of the environment. This strategy neutralizes the destabilizing power of environmental claims, of countries in the south and of poorer societies, and makes environmental struggles appear elitist.

The potential for the disruption of these movements has specific manifestations that sustain it. One of these manifestations are ecological economics, which basically place the economic system within a social system and the ecological system which supports it, and all that this entails: recognizing energy and materials flows, incommensurability, amongst many other features (Martinez Alier and Roca Jusmet 2001, Daly and Cobb 1997, Naredo sf, Georgescu-Roegen, 1960). At present, however, ecological economics have been dominated by the concept of the sustainability of natural capital, and other categories of environmentalist doctrine taken from the economic model of accumulation, which can weaken the criticism to the current economic model approach to environment that has been done by ecological economists.

Political Ecology is a latter development to Ecological Economics and it understands environmental struggles and demands as social struggles for

specific livelihoods closely tied to land, its natural components and to the relationships that are build inside and outside of it. Political Ecology advocates for Environmental Justice, a concept that has been systematically overlooked by traditional economics and that is in the heart of environmental distribution conflicts. Political Ecology feeds a political position from popular environmentalism that looks for the reconfiguration of the social model, of society based on sustainability as articulating axis which will allow achieving justice within generations and among generations. Popular environmentalism confronts international financial institutions, the neoliberal economic model and uses environmental distribution conflicts as one argument to make its demands.

FINANCIAL INSTITUTIONS AND INTERNATIONAL COOPERATION AGENCIES: STRUCTURES BUILT FOR LOOTING

Financial and international cooperation architecture can be considered as the most obvious mechanisms to reproduce the historical and ideological conditions the economic model of capitalist accumulation and neoliberal globalization- that serve as a framework for the commodification of life. This arrangement is the network of organizations that, after World War II, the developed countries agreed to, in order to avoid the economic, financial and political crises similar to those experienced at the end of the second decade of the twentieth century; and to minimize the costs incurred for the reconstruction of the countries involved in that war. In the following figure the structure of this network is presented:

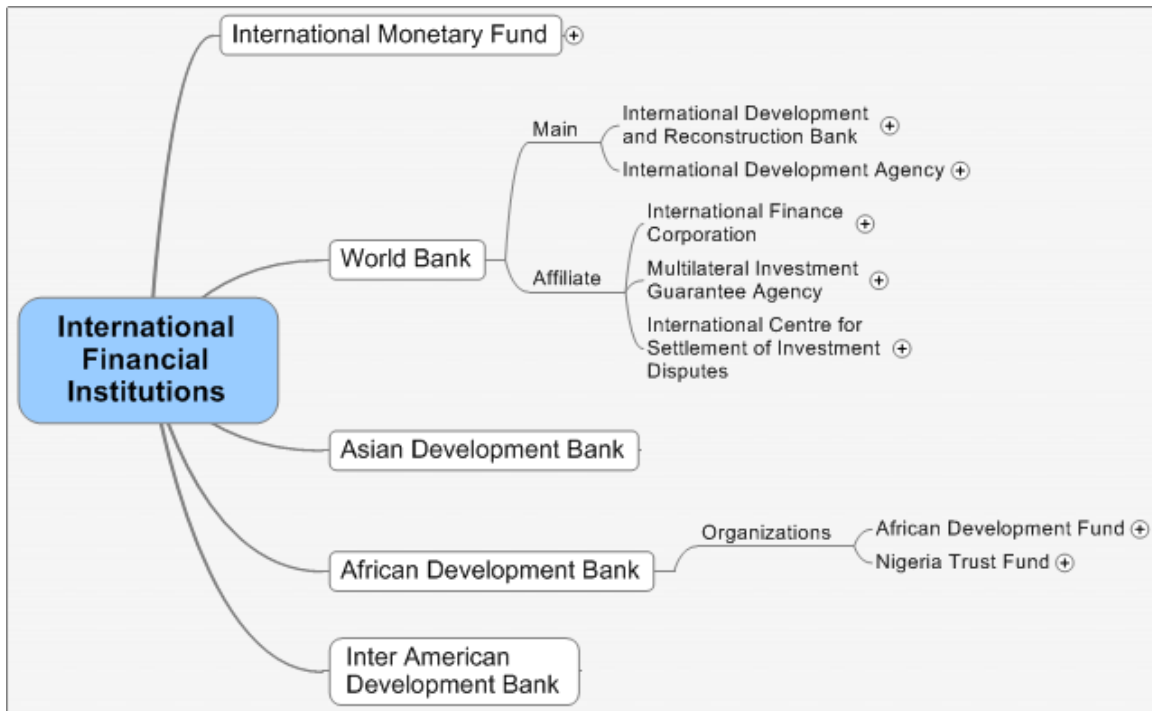


Figure 1 International Financial Institutions mapping

In general this phenomenon, the creation of these institutions, has its roots in the main capitalist economies' need to legitimize a specific economic arrangement –the market in a capitalist sense. This structure has been in construction from the 19th century and, with the Marginalist Economic Revolution (1890), this social system has become the predominant type of social organization. This is how the market that proclaimed itself as free and self-ruled, needed specific exogenous actors that could assure a favorable environment for its flowering, given that its environment was altered by causes external to the market and its dynamics (Escobar 1996).

These actors, including organizations like the World Bank and the United Nations, not only intervene in the economic dimension, but also in political, social, cultural, and, more recently, ecological dimensions. This type of intervention does not seek for a holistic view of society but rather for the economic conquest of these spheres and the commercial conquest of societies and communities.

According to their annual reports, some key features of these international financial and cooperation institutions, especially the World Bank, include:

- The fact that they are under the control of a small group of industrialized countries, and within them, small economic and political elites. This has been achieved thanks to the decision-making structure – one dollar, one vote - that was agreed during

their establishment, that evidently favors these countries.

Table 1 Top ten countries by voting power at IBRD (USD millions)				
Country	Contributions	%	Voting power	%
	Amount			
United States	26,496.90	16.84	265,219	16.38
Japan	12,700.00	8.07	12,725	7.86
Germany	7,239.90	4.60	72,649	4.49
France	6,939.70	4.41	69,647	4.30
United Kingdom	6,939.70	4.41	69,647	4.30
Canada	4,479.50	2.85	45,045	2.78
China	4,479.90	2.85	45,049	2.78
India	4,479.50	2.85	45,045	2.78
Italy	4,479.50	2.85	45,045	2.78
Russia	4,479.50	2.85	45,045	2.78
Saudi Arabia	4,479.50	2.85	45,045	2.78

- Furthermore, the operations of these institutions – loans and policy development- seem to favor transnational corporations when thematic and regional priorities are analyzed: loans from these institutions go to the same topics and regions where mergers and acquisitions also occur (which indicate transnational corporations' own priorities).³

³ <http://www.unctad.org/Templates/Page.asp?intItemID=1923&lang=3>; Banco Mundial 2005 p. 56

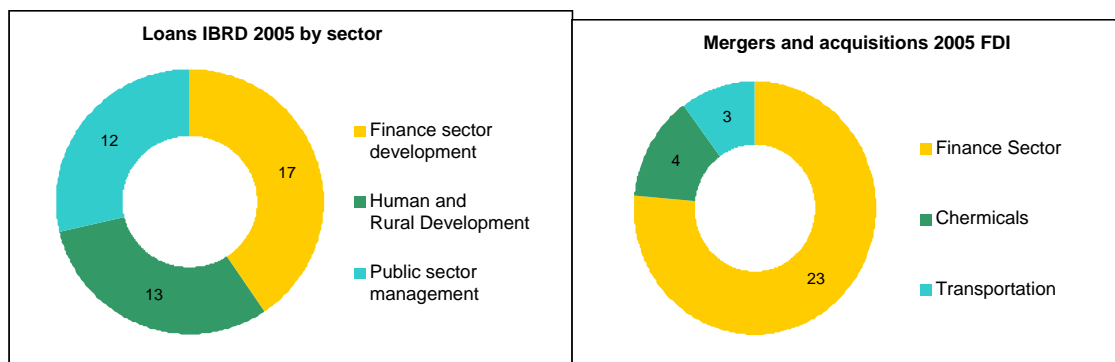


Figure 2 World Bank and transnational corporations' investment priorities in 2005. Sources: Banco Mundial 2005 and UNCTAD 2006.

- It should also be pointed out that a comparison of the size of the operations of these institutions' activities related to 'development' and the military expenditure⁴ of the countries that control them, shows that 'development', poverty alleviation and welfare increases are not their real priorities. Much more is spent on war and military industrial development. Resources allocated to the World Bank in 2005 totaled US\$ 22,307 million (World Bank Annual Report 2005 pp.ii) of which just 29% was spent on Development Policy. By comparison with this figure, note that world military aid for 2005 reached the significant figure of US\$ 1.12 billion. (SIPRI 2006)
- When analyzing the nature and objectives of the Bank's instruments (loans, guarantees and technical cooperation) and the rhythm at which they are implemented, the good intentions of its actions can be called into question for three reasons. Firstly, per capita debt service leaves the inhabitants of poor countries living slightly above the poverty line defined by UNDP⁵, because they just have US\$ 3 per day to pay for everything. Secondly these loans are equivalent to 72% of the exports of low-income borrowing countries, which implies that these countries do not produce to support their own growth but that of other, richer countries. Given the operation of the international financial system, economic globalization and other global systems, in several cases borrowers are sometimes even funding the loans that they borrow at excessive interest rates they have to pay. (Hernández G 2007)

Considered in this light, the interest these institutions have in benefiting the few actors that drive the predominant development economic model,

⁴ The World Bank in 2005 spent USD 22.307 millions in loans, 29% of which were used in Development Policy. Compared with that in 2005 the military aid in the world reached USD 1.12 billions (SIPRI 2006)

⁵ <http://devdata.worldbank.org/wdi2006/contents/cover.htm>

through privatization, commercialization and commodification, becomes evident. This implies the existence of environmental and economic injustice, since it excludes those that do not have the means to access these new markets.

The International and Regional Multilateral Development Banks are supported by the United Nations when trying to acquire social and political legitimacy. This network – the United Nations- is a fairly comprehensive network, with 192 participating countries. Its purpose is to maintain world peace and seek development for the citizens of its member countries. Members who make the greatest contribution to the United Nations are mostly members of the G7, although the United States is not included in the list of contributors for 2006.

The most symbolic UN programmes from the environmental point of view are the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). UNDP has a rather general approach to the issue of the environment, via the Millennium Development Goals (Goal 7 refers to the environmental sustainability of the planet). UNEP is more of an environmental specialist, through which programs, projects and tools are developed to combat major global environmental problems and to promote the private use of nature. Funding for UNEP comes from donations to the Environment Fund, fiduciaries and the common budget of the United Nations.

The Food and Agriculture Organization (FAO) is an autonomous institution within the United Nations system and is made up of 189 countries. Its mission is to combat hunger in the world, through strategies associated with access to information, increased cooperation between countries and the distribution of knowledge to the public. Financial resources amounted to US\$ 749 million for the period 2004-2005 (FAO 2006).

Finally, these organizations depend on the G7, which constitutes the club for industrialized national countries that promote and support the policies and actions of the above-mentioned institutions. Those countries are the United States, Germany, the United Kingdom, Japan, Italy, France, Canada and Russia. According to the Observatory of Debt in Globalization (Dossier on the G8, 2003), this is where neoliberal policies, structural adjustment, and other measures concerning the expansion of the market as an institution are put forward. Thus the agreements reached by its members are then implemented by the financial institutions.

MECHANISMS FOR FINANCING THE PRIVATIZATION AND COMMODIFICATION OF LIFE

The international financial architecture and bilateral cooperation, on the one hand, are contributing to global crises as a result of their unjust and unsustainable appropriations of local and planetary natural resources,

which have led to profound changes in the natural conditions on which their social models are based, resulting in higher costs and, therefore, lower profits. On the other hand, the same natural conditions are a major source contributing to the accumulation of wealth. This dual dimension became a window of opportunity for developing instruments that, behind the veil of combating the environmental crisis, assist in the further appropriation of those scarce natural resources that impoverished countries still have.

Strategies

International financial institutions, cooperation agencies and United Nations programmes have, in the last 10 years, nurtured strategies to address environmental issues both on the global and local levels. These strategies are clearly influenced by the concept of development that industrialized countries have promoted. It is closely tied to economic growth and, with this in mind, they propose incorporating the environment into this concept, fearing that it could otherwise become an obstacle to their model of consumerist economics.

As an example of this, the World Bank's Environment Strategy (2001), as well as in other documents, economic development is considered to be the main mechanism for achieving the goal of reducing poverty disregarding any role environment or other social features may play in achieving this goal. This style of development is equated to growth, since the latter is regarded as the tool to overcome poverty, as denoted in the introduction to the World Bank's Annual Report 2005:

"Growth is an essential and powerful instrument for reducing poverty and improving living standards. If developing countries are to meet the MDGs, economic growth in these countries must accelerate."
(Annual Report of the World Bank Group 2005 p.12)

In this context, the World Bank's environmental strategy has the general aim of trying to demonstrate the beneficial role the natural environment can play in the economic development of the country and advocates the incorporation of the natural environment (ecological systems in functional and structural terms) within the development process.

This international financial and bilateral cooperation architecture faces a crisis situation, resulting from the unfair and unsustainable appropriation of the natural heritage, at both local and planetary scales. As a consequence of this, deep transformations of the natural conditions that support social systems have transpired, resulting in higher survival costs and therefore, smaller benefits. However, this arrangement found in these natural conditions an important source for accumulation, given this situation. This double perspective appeared as a 'window of opportunity'

to develop strategies and instruments such as the following, that under the banner of fighting the environmental crisis, facilitated and keep facilitating the appropriation of the scarce natural wealth of the planet that impoverished countries cared and still care for.

Markets for Environmental Services (MES)

This strategy has as its main goal the consolidation of markets for elements that were not exchanged within the market before, such as water, biodiversity, the atmosphere and landscape. In this sense ecotourism, carbon markets, water markets and biotechnology are all promoted. The UN Environment Program proposes these markets as a very attractive solution to local and global environmental crises:

“Another effective tool for assisting countries to implement MEAs is the use of payments for ecosystem services, including the creation of markets that can promote sustainable development and reduce inequalities by generating income, promoting environmentally friendly technologies, generating incentives for investment, and increasing the involvement of vulnerable and socially excluded stakeholders in private sector initiatives in environmental protection.” (UNEP Annual Report 2006, p. 50)

The possible impacts of MES on Indigenous Peoples and other economically marginalized groups can be summarized as follows:

- They lose out as providers as they are faced with language barriers, lack of legal and marketing skills, and difficulty in competing with large-scale providers of ‘environmental services’.
- They lose out as buyers: they suffer most, and thus pay most, setting up a ‘polluted pays principle’.
- They lose out through indirect impacts, especially on land reform and land rights claims, and the impacts of the environmental problems these offsets compensate for, like climate change.

Some of these negative impacts can be avoided in strictly regulated initiatives. In fact, there seems to be a growing consensus amongst biodiversity policy makers that we need to control market-forces through strict regulations and effective enforcement. The main focus of UNDP’s recently established Millennium Development Goals Carbon Facility is to regulate carbon markets so that they benefit poor countries and communities too. Yet, the same program also promotes these carbon markets. But why promote markets when they only contribute to biodiversity and the poor if strictly regulated? Markets tend to complicate public governance, not strengthen it. Especially in countries where good governance forms a major challenge, market-based approaches and financial handouts like ‘payments for environmental services’ are much

more difficult to control than a straightforward policy instrument like a deforestation moratorium.

One of the most recognized cases of 'Markets for Environmental Services' that is promoted in the circles of international financial institutions and amongst regional policy makers is the Costa Rican PES system. However, it is often overlooked that the Costa Rican carbon 'market' was only developed as a result of a combination of government intervention, a gasoline tax, generous Official Development Aid and other donor support, to finance subsidies for sustainable forest management. Originally, the system had little or nothing to do with the market. Moreover, the success of the Costa Rican PES scheme, in terms of combating deforestation, might have been the result of the fact that deforestation is illegal in Costa Rica. However, the World Bank enforced a more market-oriented approach upon the Costa Rican government as a condition for support for their PES systems. The Ecomercados project, for example, is an initiative supported by the World Bank and the Global Environmental Facility. Studies of social organizations show the potential risks of it:

Box 1

Environmental services markets and the privatization of resources: the Costa Rica case

The Ecomercados project is an initiative for financing Costa Rica's PES system, undertaken by the government of Costa Rica and financed, in 2001, by a World Bank loan and a grant from the Global Environmental Facility (GEF). This project clearly intended to "support market development and private providers of environmental services supplied by private forests."

"...The conceptual way it was designed and the way the Ecomercados project was first proposed presented important threats to the integrity and good performance of PES...To create biodiversity services poses at least two questions:

¿Who will buy these services and what will be the entitlement they acquire over national biodiversity?

¿What is the relationship between this new market and national sovereignty over biodiversity?"

From de Baltodano, J 2005 pp. 89 – 90

Consequently, the strategy of paying for environmental services has been much vaunted by IFIs and the United Nations, without taking into account

the risks that it can have for people's sovereignty over their natural resources, the incommensurability of these assets and other issues.

The World Bank Environmental Strategy (2001), for example, requires that projects seeking to reach its second and third goals, to protect the quality of regional and global common assets and to improve the quality of growth, have as their guiding criteria the creation of markets for environmental services and the commercialization of those markets:

"Support the participation in and benefit of customers in the trade in environmental goods and services through the Prototype Carbon Fund and in preparation for the Clean Development Mechanism."(World Bank Amended Environment Strategy of 2001)

And so it becomes clear that the interest that these institutions have in privatizing, commercializing and commodifying the natural environment will only benefit those few who manage the model for development, namely the industrialized countries and the elites within them. This involves situations of environmental and economic injustice that exclude those not possessing the means to access this new market.

Public Private Partnerships

Public private partnerships are another increasingly popular strategy used in the environmental arena by international financial institutions and cooperation agencies, when approving projects or implementing them. This approach establishes that the State, the public sector, has to establish alliances with the private sector, mainly corporations, when designing and implementing projects in topics such as water, carbon markets and the conservation of biodiversity through protected areas.

Thus big corporations are beginning to get involved in the management of natural resources in the name of efficiency. But behind this illusion is an economic rationality that seeks unlimited gain at the expense and through the exclusion of other interested parties. Thus, national natural parks and resources no longer belong to us all, but to those who can afford the prices of private operators; access to water is no longer a right but becomes a saleable good; and the right to breathe clean air is bought and sold as a commodity in something similar to a stock market.

Public private partnerships seek to open spaces for private participation, in an individualistic way, in the decision-making process regarding problems and situations that were previously dealt with exclusively in the public sphere. This implies that decisions are now taken on the basis of private sector criteria such as benefit maximization, leading to exclusion. Ironically this comes from a seemingly new sense of responsibility that propels these agents to try to replace the State in areas where public interventions used to be based on social agreements. The private sector

tries to make these interventions more efficient, and as a consequence, more profitable to their interests.

This strategy is clearly supported by international financial institutions and cooperation agencies, which increasingly include elements in support of private sector participation in the management of natural resources. These strategies materialize through projects funded using financial mechanisms and policies such as those described below.

Global Environmental Facility

The GEF is the established mechanism for the institutions within the international financial structure to deal with environmental problems that are deemed global. It directs funds to issues and specific projects in recipient countries. The ideology that seeks to divide and appropriate the natural resources of impoverished countries is promoted and implemented via this mechanism and set in its theoretical framework. Thus the resources of this fund are conditional upon compliance with the principles set out in GEF policies which seek more flexible access to these resources and their internationalization; and require the participation of the private sector in handling and managing them in order to ensure their efficient use and/or management.

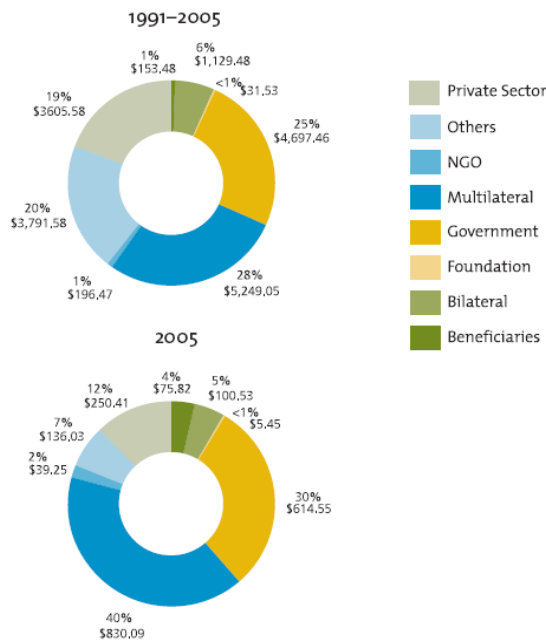


Figure 3 Sources of GEF financing (in millions of US dollars) GEF Annual Report 2005 p. 18

The Global Environment Fund has 3 operational programmes that create the framework for the development of projects: Biodiversity, Climate

Change and International Waters, each of which is divided into sub-programmes. By the year 2003, these 3 areas had swelled to 6, including one cross-over, another relating to the degradation of soil and another dealing with persistent pollutants.

The GEF's approach to these goals is as much historical as it is forward looking. From a historical perspective, the Fund's donor countries, given their mode of production, have had a predatory relationship with nature which has led to a process of decline in the quantity and quality of the natural resources which support human existence. These processes have been manifested in events such as Hurricane Katrina, heat waves in Europe and floods in South Asia, amongst others, which call into question the image of eternity and perpetuity that the consumer society has of itself. The GEF appears as a response to the state of the natural environment, given anthropogenic pressure.

On the other hand, imagine that the environment has become a scarce commodity (in a future scenario of further degradation caused by the current behavior patterns of the consumer society), subject to economic exploitation and the subsequent acquisition of profit. The GEF's strategy would be to grab the future economic assets of the consumer society: water, biodiversity, air, soil, etc. In both cases, the developed countries, along with the champions of the neo-liberal model of development, see in the different topics addressed by the GEF, the need or opportunities to expand their domination and hegemony. This is how you can interpret the growing interest in environmental issues, especially at global and regional levels.

The GEF has supported various initiatives clearly directed towards the privatization and commodification of life. In Colombia, for example, the GEF agreed to provide funding to help design and finance Colombia's National Protected Areas System, which aims in part to generate funds by privatizing national parks and granting concessions to private tourism companies, through one single corporate structure, Aviatur SA. Via a donation of US\$ 15.35 million and co-financing of \$ 27.5 million, the Fund for Protected Areas was created, through the Fund for the Support for Biodiversity and Protected Areas Foundation, a private entity, which manages this fund, in part to implement innovative strategies for the management and conservation of biodiversity.

One of the much vaunted strategies for the conservation and financing of these protected areas is ecotourism. Structures for tourist services have been developed within the protected areas in order to finance conservation activities being carried out there through ecotourism. These structures were created with public money yet concessions are handed to the private sector without the necessary clarification on the scope of

these contracts. But it is the private sector, almost monopolistic in nature, to which its administration has been delivered and which has been given the opportunity to exploit the natural resources on national and local levels and to create surplus revenue, without taking into account the public nature of these reserves or respect for their protection.

Box 2

The Natural National Parks Concession

In Colombia, the GEF agreed to provide funding to help design and finance Colombia's National Protected Areas System, which aims in part to generate funds by privatizing national parks and granting concessions to private tourism companies, through one single corporate structure, Aviator SA, which is French and German owned. As of 2005, four parks had been handed over, all of which are considered to be particularly attractive to tourists (as opposed to being singled out for their biodiversity benefits).

What follows are elements from the debate between these bodies, concerning concessions of natural assets to private operators, especially those operating within a monopoly:

"The interest of the national government is the exploitation of ecotourism in partnership with people who work under strict criteria of economic efficiency or, what is more disturbing, territorial security run by the 'postconflict' paramilitary. From this perspective, it is of little importance that native people catering to visitors end up displaced by various terms of reference stemming from the favorable terms granted to the emporium of Aviator and its allies, or without investigating possible hidden threads of paramilitarism in businesses without which it would be very difficult to guarantee the viability of Tayrona Park in the Sierra Nevada de Santa Marta."(Mejia 2005)

According to the mayors of the municipalities of Pereira, Dosquebradas, Santa Rosa de Cabal (and the President of the Assembly of Rajasthan), among others, ecotourism that concessions seek to promote will "transform the current local owned, small scale tourism model into a big scale, high intensive and industrialized scale one where private concessionaire must achieve financial equilibrium, as a logical consequence of being economically active, by seeking to attract more visitors, in the same service area, for a longer amount of time, by rotation or duration of the stay."(Arango et al 2005)

In India we find another example of the use of ecotourism as a market-based conservation strategy. In this country several projects have been developed that look to attract a tourist crowd to highly important ecological and natural areas by using mainly private sector investments. One of the characteristics of this process is the exclusion of local communities that had autochthonous practices within the forest.

Box 3

Ecotourism as a market-based conservation scheme

India already has a long history of colonial rulers usurping control of natural resources from indigenous and local communities, which has led to the breakdown of traditional conservation management and knowledge systems. This process continued post-independence, and as a result India already has an exclusionary model of conservation. This has resulted in an intensification of land-related conflicts between communities and the authorities.

Ecotourism is exacerbating these tensions, but is being vigorously propagated in many protected and community-conserved areas, including through projects financed by UNEP, UNDP, the GEF and the World Bank; and promoted through national and state level ecotourism / tourism policies. At the national level, although the Ministry of Tourism – Government of India has outlined eco-friendly practices in its Ecotourism Policy & Guidelines, 1998, there are very few direct financial incentive schemes in place for supporting ecotourism. Apart from these government-supported ventures, much of the investment in ecotourism in India has come from the private sector. Taj Hotels Private Limited, one of India's oldest and largest luxury hotel companies has, for example, made big forays into the ecotourism market.

"An important incentive and support for ecotourism in India has been from UN agencies like the UNEP and UNDP. (...)Indirectly, World Bank supported projects like Joint Forest Management and India Eco Development Project have ecotourism as an integral market-based conservation scheme. "

From Equations and GFC "Ecotourism as a market-based conservation scheme", March 2007.

Other instruments that help to commodify life are those targeted at promoting carbon trade in order to comply with the commitments made by industrialized countries under the Kyoto Protocol. Here we describe the three key instruments.

The Prototype Carbon Fund and the BioCarbon Fund

Another focus of the international financial and cooperation architecture is climate change, including emissions reduction through Clean Development Mechanism projects under the Kyoto Protocol. In this scenario, the World Bank, industrialized country governments and corporations historically responsible for the anthropogenic causes of climate change found a new source of profit: the carbon trade.

To exploit this new market niche the World Bank's Prototype Carbon Fund was created, through which impoverished countries can access funds from the international financial system to implement projects to capture carbon, including through afforestation and reforestation. These projects generate emissions reduction certificates that are sold to industrialized countries to enable them to meet their commitments without making a 'costly' effort in their territories.

The BioCarbon Fund is a similar funding mechanism, but specifically for forestry CDM projects that result in emissions reduction certificates to be traded in the carbon market. This funding is achieved through the sale and purchase of Temporary Emissions Reduction Certificates. In this sense, investment in the project is assured but also, the BioCarbon Fund secures certificates at low prices which are then sold at international prices.

"The Bank generally negotiates a price for carbon credits to a level below the expected future sales price " (Redman, 2008, p. 14)

Thus they appropriate the carbon storing capacity of developing country forests, paying a low price and avoiding the real and urgent reduction of emissions by the truly responsible countries.

In Colombia, three forest projects are currently being funded to capture carbon and trade bonds in the global carbon market. The World Bank, via the Bio-Carbon Fund, financed two of them through donations: The St. Nicholas Project and the Caribbean Savannah Project. The FAO operates the third project, Procuencia, which uses funds from INFIManizales, which are collected from the concessions relating to hydro resources from the Chinciná River dam to Aguas de Manizales, which are equivalent to 10% of its financial turnover.

Box 4

Forest CDM projects in Colombia

The World Bank's San Nicolás Carbon Sink and Arboreal Species Recovery Project in Colombia illustrates how even the BioCarbon Fund's approach to project design and outcomes is inadequate. This project includes reforestation and agro forestry across 2,500 ha of land, together with the

'induced' regeneration of 7,300 ha in the Department of Antioquia. The goal is not only to 'create' a carbon sink, but also to generate a source of wood and non-wood products and thus improve the income of small landowners. (World Bank, 2008c) However, it seems that communities will only receive a small fraction of the profits that may be generated by the carbon sinks and trade aspect of the project. If this is the case, it would again demonstrate that the Bank is willing to favor corporate interests over and above those of the peasants whose lands and cultural practices will be integral to the success of the project.

The World Bank's San Nicolás Carbon Sink and Arboreal Species Recovery Project (P098615) met the criteria for selection by the Bio-Carbon Fund and is the first project to reduce carbon dioxide emissions in the area of Land Use, Land Use Change and Forestry (LULUCF) in the country. It provides for reforestation and agro-forestry in 2,500 hectares and the 'induced' regeneration of 7,300 hectares in the Province of Antioquia. The project aims to 'create' a carbon sink which would at the same time be used as a source of timber and non-timber products. (World Bank Project Information Document 2006 p.5)

This project argues that small landowners and local communities are the main beneficiaries of the project because "the project will help improve the quality of life for local people by creating employment and income from forest products associated with the reforestation program and a fraction of the revenues from the carbon certificate sales." (Project Information Document 2006 p. 89, free translation) But receiving only a "fraction of the revenue" from emission reduction sales, means that the farmers and their land do not participate equitably in the logic of the project, even though they contribute their land, change their cultural practices and allow the introduction of new ideas into their environment.

The Caribbean Savannah project is based on the same rationale, although the component of avoided deforestation is not included. This project, however, has an impact on indigenous territories in the Province of Córdoba, which belong to the ethnic Zenú. 500 hectares out of 2.200 Has in total, will be recovered under the project activities, in the Zenu territory in the municipality of San Andres de Sotavento, using commercial and non-commercial species of timber. On the other hand the "reforestation" of 1,500 hectares out of 1.700 Has, is also proposed for the cultivation of late maturing rubber (*Hevea brasiliensis*), which is one of the agro-industrial priorities of the current government, via an agreement with the National Department of Planning. The remaining hectares, 200, will be reforested with *Tabebuia rosea*, or guayacán, an eminently saleable species of timber. Revenue from the sale of Emissions Reduction Certificates will be shared between landowners and the Autonomous

Regional Corporation of the Sinu River Valley (World Bank Project Appraisal Document 2006).

In the latter project, local indigenous authorities have been at the forefront of the negotiating process along with institutions and national environmental authorities. The information they have on the project, its impact and perspectives, however, is limited, which gives international participants the advantage.

The World Bank Forest Carbon Partnership Facility

Of all the initiatives undertaken by International Financial Institutions to promote market-based approaches and the commercialization of life, the FCPF is arguably the most outspoken one. The objectives of this newly proposed World Bank facility, which was launched at the Conference of the Parties to the UN Framework Convention on Climate Change in Bali, are to 'inform' the UNFCCC process on the basis of carbon offset 'pilot projects' and to 'prepare' developing countries so that they are 'ready' to participate in a carbon offset market for forestry projects.

As the UNFCCC parties are still discussing whether positive incentives for reducing deforestation should be financed through carbon offsets or through public funding, this move by the World Bank to promote the market-based option is politically premature. It makes one wonder who governs the World Bank, as it is so obviously not governed by the 191 countries that are Party to the UNFCCC. In any case the Facility has already received a stamp of approval by the leaders of the G8, who are extremely interested in the possibility of buying cheap carbon offsets in developing countries, to avoid more painful emission cuts in their own countries. It has also actively consulted the private sector and other commercial stakeholders including Washington-based conservation organizations, with which it is involved in a Global Forest Alliance. Southern civil society organizations, Indigenous Peoples' Organizations and other movements representing forest dependent peoples were not consulted about the Facility prior to its launch.

As the World Bank will both assist countries to prepare for the carbon market by installing proper accounting methodologies and be the Trustee for the Facility itself, there is also a serious conflict of interest. The proposed Facility will be a broker between buyers and sellers of forest-related carbon offsets. It will also provide funding to countries to 'build their capacity' to develop projects to be sold on the international carbon market through a so-called 'readiness fund'. It will thus use around US\$ 300 million in public financing, to subsidize countries to enable them to sell their carbon offset initiatives. Such a mixed 'basket' approach of market

and non-market based funding is promoted by large conservation groups, who are actively lobbying for public grants to be used to subsidize the sale of their forest conservation projects on the international carbon market.

Funds will only go to tropical and sub-tropical forest countries and the facility will prioritize countries with a large amount of forests which play a key role in the economy of the country and where current deforestation or degradation rates are high or expected to be high. The latter, however, implies that countries that have taken successful steps in the past years to comply with their UNFCCC obligations to halt deforestation will not receive any funding, while countries that are totally failing to reduce deforestation or that are currently developing plans to cut down most of their forests can expect large sums of 'compensation' to reduce deforestation.

The Democratic Republic of Congo has already reacted to these plans by threatening to cut down all its forests if it is not fully compensated for every hectare of forest it spares. A cynical detail in this respect is that the DRC would never have had the capacity to cut down its forests in the first place if it had not benefited from a major World Bank grant to its forestry sector, under a recent project that was slammed by the Bank's own Inspection Panel as being in violation with practically every guideline the World Bank has ever written for itself.

Likewise, the Government of Papua New Guinea is asking for 'compensation' to comply with the conditions of a World Bank loan to its forestry sector, which demands that PNG should combat corruption and illegal logging. So countries are now asking the World Bank for compensation for complying with their very own forest laws. Meanwhile, countries like Costa Rica, India or Surinam, that have either successfully halted their deforestation or never devastated their forests in the first place are likely to lose out on 'compensation' funds.

The World Bank promotes their new facility with the argument that deforestation causes around 20% of global warming so halting it would be 20% of the solution. But it forgets to tell people that reducing deforestation will not contribute anything to halting global warming if it is financed through carbon offsets. Per definition, financing reduced deforestation through carbon offsets means that for every ton carbon stored in forests another ton of carbon is going up in smoke in the country that pays for the offset. As forests are a very fragile carbon sink, especially in times of increased forest fires due to climate change and biofuel demand, forest-related carbon offsets will undoubtedly lead to increased global warming.

Last but not least, it should be pointed out that the experience with World Bank financing of forest projects is a very sad one. Most World Bank

initiatives to invest in tropical forestry, from the Tropical Forestry Action Plan to the Congo Basin post-conflict loans, have increased deforestation instead of reducing it. The overall impact of non forest-related World Bank financed projects on the world's forests over the past decades can be summarized as devastating. At the last major World Bank Forest Policy Review, a large coalition of NGOs therefore asked for a sharp decrease of World Bank intervention in forest policy under the slogan "Less Bank, More Forest".

Climate Investment Funds

The latest initiatives of the World Bank, in relation to the 'nature' business, are the Climate Investment Funds, which include a Clean Investment Fund, a Climate Resilience Fund and a Forest Investment Fund, this latter being the effective continuation of the Forest Carbon Partnership Fund. This last one will amount to US\$1 billion and aims to foster market-based mechanisms relating to the Reduced Emissions from Deforestation in Developing Countries being discussed at UNFCCC. This fund will provide financial flows to the FCPF and lending resources for developing countries to carry out activities in this framework. (Redman, 2008, p. 39)

CONCLUSIONS

The economic model of capitalist accumulation, which now regulates the social relations of most of the world's people, has as its main strategy to success, commodification of life. This commodification, as we understand it, is a process by which elements that were once not goods but are now considered as such, are produced for sale. This phenomenon is found in the genesis of the model of capitalist accumulation, where land and labor became goods. From there, the market system is consolidated as a form of social organization and of the colonization of life and the "body politic" (Polanyi, 1994), through the economy and economists.

Commodification is the main tool this model uses to attain the appropriation of spaces, objects and cultures, for the sole purpose of being traded to create profit, the motivating factor for economic activity in this model. To achieve commodification, privatization is necessary. The first object to be commodified is nature itself. Privatization is created when elements of public property, such as the atmosphere, are handed over to the ownership of a few individuals through mechanisms of violence, such as war, or via subtle and socially correct ones, such as economic policies.

Again, this is most evident using the example of the atmosphere in the creation of the carbon market, which trades in carbon emissions reductions, and relates to the natural processes of the atmosphere, which become private. This marketing, this exchange for money, creates a profit for investors who, using this logic, constantly seek higher profits. And so the

atmosphere becomes a commodity, 'produced' by private agents and 'sold' on the market, in this case the carbon market, in order to generate a profit for these agents.

This process has been supported by representatives of the most powerful and predatory economies in the world, the International Financial Institutions (IFIs), and other agencies for international cooperation (ACIs). IFIs are agencies that were created by the G8 with the vision of maintaining a global economic and financial stability, on the basis that it is the economic and financial field which regulates the rest of areas of the societal life. Under this assumption the World Bank (WB), the world's foremost financial institution, was created. It is under the domination of the United States and seems to favor the activities of large multinational corporations.

According to information available in the Annual Report of the World Bank Group for the year 2005, its main subjects of interest, reflected in the amount of funding from the International Bank for Reconstruction and Development, are Financial Sector and Private Sector Development (17%) followed by issues of Human and Rural Development (13%) and Public Sector Management (12%). As a point of reference, Foreign Direct Investment in the world, from the viewpoint of 'Mergers and Acquisitions' was also concentrated in the Financial Sector (23%), the Chemical Sector and Chemicals (4%), the Transport Sector, Storage and Communication (3%) and the Sector for Food, Drink and Tobacco (3%) all of which had higher levels of investment by foreign investors (UNCTAD, 2006). This means the focus was in the financial sector, where mergers and acquisitions were valued more than investments, rather than in other sectors such as building and education. These mergers and acquisitions involve concentrations of capital and operating profits. This begs the question, is there any correlation between these two attributes: the focus of financial resources from the World Bank and the focus of the processes of capitalist concentration?

The International Monetary Fund is the other most influential institution at global level, on issues of economics and politics. It is the institution that defines the economic and political measures that its clients, countries, should take and uses the World Bank as the instrument to enforce such "recommendations". The World Bank also has counterparts in the developing regions of the world - Asia, Africa and Latin America - who replicate the former. The International Cooperation Agencies also represent the direct and indirect interests of industrialized countries through the UN system, the Fund for the Global Environment Facility and bilateral cooperation agencies.

One of the issues in the scope of this network of institutions is the environment, nature, a subject of vital importance given the recurring environmental conflicts that have flared up over the last 30 years and the type of threat they pose to the survival of the global 'social body'. But this interest hasn't emerged from an awareness of the life-giving character of the natural environment and its relationships to society, but rather from the financial zeal of the countries these institutions represent. In this sense, IFIs and ACIs are developing strategies aimed at the natural environment and the communities that are most associated with them which may lead to their commodification. Using such tools as economic market instruments, they have been applying these strategies which have resulted in the looting, exclusion and dispossession of people of their collective rights over and with their natural environment. This has come about thanks to the privatization, commercialization and commodification of nature and, ultimately, their lives. Indebtedness, the growing participation of the domestic and multinational private sector, the reduction of powers of state, the internationalization of management, the cloaking of the predatory spirit of the relationship between growth and nature, are all strategies of these institutions to acquire nature as if it were a scarce 'commodity'.

For the Inter-American Development Bank, the natural environment appears as a window of opportunity to expand the frontiers of capital and the market. The Bank promotes regional integration to develop these lines of action in order to homogenize the institutional framework of the countries in the region and force them to undertake the sustainable environmental management of public assets and ensuring the quality of regional environmental infrastructure initiatives. In this sense, the natural environment as a priority for conservation and management ends up placed after other projects such as IIRSA. (Environmental Policy 2003 p. iii)

Colombia has not escaped this trend, because it is already integrated into the global dynamics sponsored by these agencies. And so the country, as represented by technical, political and economic elites, incurs debt, receives conditional grants and advocates the commodification of nature as the only means of achieving economic growth and thereby boosting the welfare of its inhabitants. This process has been carried out in many areas in our country, but mainly in the issues of water, biodiversity, climate change and tourism. On the issue of water, IFIs have played an important role in its privatization, through loans for institutional reforms, investment and environmental management. Between 1995 and 2007, approximately US\$ 520 million has been borrowed to privatize access to water and reservoirs and to subsidize the excessive demands for consumption that northern countries make on this resource, through their imports of food and oil, amongst others.

On the issue of biodiversity, although the level of debt is not significant, industrialized countries have managed to gain access to this national asset through donations. The privatization of biodiversity is promoted through this intervention and the ways of ancestral communities living in the original Colombian territory are marketed along with them. All ultimately become a commodity that supports life. This is accomplished via cryptic strategies for the inclusion of communities, with no respect for traditions or individuality. Projects funded by the Global Environment Fund encourage remuneration for traditional cultural practices and cash transactions for animal and plant genes. In general, the pretext of conservation is used to validate and legitimize economic and commercial practices relating to life itself, reducing it to a mere economic condition.

This logic extends to the atmosphere, which countries behind the IFIs and ACIs have degraded and carried to the limit of its resilience, to perpetuate the economic model referred to here. While recognizing a certain level of responsibility, however, this responsibility is soon transferred to developing countries who, for better or worse, have kept their 'portion' of the atmosphere in good condition. And, while this is occurring, they are pressured into the kind of development that developed countries have practiced and which has brought them to the point of no return. In Colombia, the commodification of the atmosphere and the processes that maintain it are consolidated through financing forest projects such as carbon sinks (which are unlikely to achieve their objective because logging activity is promoted through reforestation with species of timber having a high market value). Although the heroic role of nature is acknowledged, our belief that we need to 'help it along' in a surreptitious manner, serves only to perpetuate this model and to strengthen the economic predators of developing countries.

Finally, in Colombia, the privatization, commercialization and commodification of life exists in natural areas, in the heritage of the Colombian people, the aboriginal communities, through the promotion of tourism as an environmentally friendly alternative (even though it is promoted as a mass activity, generating a greater influx of tourists, characteristically consumerist, as a means of contributing to the preservation of our natural heritage). This will elicit reactions from environmental and political groups, who see a contradiction in this strategy between the nature existing in the national parks and the role of the state in protecting the environmental rights of Colombians. This is because the strategy seeks to exploit the parks, that is to say, to both use and abuse our natural heritage. This strategy is based on the guidelines drawn up by the IFIs and ACIs who, by financing institutions such as the Fund for Protected Areas and the National Environmental System, manage to impose their vision on Colombia.

This tour of the strategies of international financial institutions and international cooperation agencies, alerts us to these institutions' underlying intentions in relation to environmental issues in developing countries; and highlights contradictions in the 'green' debate that the countries which are represented by these institutions present in various global and local scenarios. Commodification is not a solution to peoples' environmental conflicts but rather a strategy to strip them of their natural assets, support for their practices and their lives. To confront these initiatives it is necessary to start local, autonomous and independent initiatives that propose alternative approaches to the nature-individual-community relationship, to ensure the continuance of life in a healthy and harmonious environment.

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