Life as Commerce:

international financial institutions, payments for environmental services and carbon finance[1]

Photo: Orin Langelle

Executive summary

This briefing illustrates the way in which the agenda of international financial institutions (IFIs) supports the priorities of rich, industrialized countries seeking to maintain and increase access to the rich, natural wealth of Southern countries, including their abundant, carbon-sequestering forests. It describes how Northern countries' and IFIs' current insistence on the use of market-based 'solutions' requires the environment to be commodified, privatized and commercialised, in ways that are inequitable, impracticable and bad for the environment; and it analyzes key tools used by the IFIs to promote the commodification of life, including the World Bank's existing and proposed carbon funds.

Introduction

Most current environmental crises are a direct consequence of the neoliberal economic priorities that prevail in most over-consuming industrialized economies in the North. These particular economic priorities also drive a neo-colonial approach to international trade and other policies that aim to facilitate access to natural resources located in poorer, developing countries. However, this bias also dictates that any solutions - however severe or imminent impending environmental crises may be - must be 'market-friendly'.

Thus climate change becomes ever more menacing as the full extent of our seemingly unbreakable addiction to fossil fuels becomes clear. There is still staunch opposition to any measures, no matter how effective, that might have a negative impact on our economies or international trade.[2] Instead, carbon finance projects and markets proliferate, even though, as the UK's Environmental Audit Committee has already commented, the European Union's Greenhouse Gas Emissions Trading Scheme (ETS) has so far had "very questionable effects" on "the extent to which emissions

1. This briefing is based on two papers: (1) International Financial Architecture and the Commodification of Life, Juana Camacho Otero, for CENSAT Agua Viva - Amigos de la Tierra Colombia, to be published by Global Forest Coalition, 2008; and (2) The impacts of market-based biodiversity conservation on Indigenous Peoples, local communities and women, a paper presented at the Fifth Trondheim Conference on Biodiversity by Simone Lovera, Global Forest Coalition, 1 November 2007

2. Thus, to take just one example, the National Foreign Trade Council in the US recently reiterated their opposition to any environmental regulations that would convene World Trade Organization regulations. www.nftc.org/newsflash/newsflash.asp?Mode=View&articleid=1949&Category=All

are reduced, and the extent to which it provides a stable and effective carbon price." (UK EAC, 2007) Similarly, governments shy away from decisive action to protect the planet's threatened biodiversity. Even though the devastating pace of deforestation is still accelerating in many countries3, the North's neoliberal economic doctrine ensures that governments refuse to countenance any effective policies that are not considered to be market-oriented.

Photo: FoEI

The economic rationale underlying this 'biobucks' approach is admittedly quite straightforward: if biodiversity and other environmental 'services' can be turned into discrete marketable assets, then market forces can be harnessed to drive biodiversity conservation. The problem is that the steps involved in creating and then trading these marketable assets – the commodification, privatization and commercialization of life – are complex and uncertain, can have severe negative social and environmental impacts and, for many, are morally untenable.

Nevertheless, it is an approach that has already been championed for a number of years by rich, industrialized governments, international financial institutions, including the World Bank and regional development banks, and even the Global Environment Facility, all of whom are keen to avoid any unnecessary costs associated with environmental protection. However, both they and the private sector – particularly large transnational companies domiciled in rich, industrialized countries, but also large international conservation NGOs - have now realized that these new markets are a potential goldmine. This has resulted in a new wave of promoting 'environmental services' markets, using mechanisms such as carbon trading, biodiversity offsets, certification, 'eco'tourism and trade in genetic resources and related knowledge.

This briefing aims to explore some of the ways in which carbon markets and payments for environmental services have been implemented, including by considering some of the specific ways in which international financial institutions (IFIs) are underpinning the processes of commodifiation, privatization and commercialization.

The three steps to market: commodification, privatization and commercialization

Commodification

A commodity is something that can be sold in the market; as such, it needs to be a discrete product, with a specific owner, who is authorized to sell it. There also needs to be a place where it can be sold and potential purchasers. Converting the environment – intricate, intangible, immovable and generally freely available – into such a commodity is akin to trying to push a square peg through a round hole. Unworkable and a waste of precious time. Yet governments and IFIs insist on forging ahead.

In relation to biodiversity, these three steps raise numerous moral and technical dilemmas - and it should be emphasized that these dilemmas are not just theoretical. For example, Paraguay has adopted a law on payments for 'environmental services' (PES) and is now faced with the highly complicated question of developing an adequate regulatory system to implement the general

3. It has been estimated that the rate of deforestation in tropical primary forest in seventeen key countries was 25.6% higher between 2000 and 2005 than it was between 1990 and 2000. (Mongabay, 2008)

Photo: Simone Lovera

principles of this law. As a first step, the Secretariat of the Environment in Paraguay has been charged with the rather daunting task of putting an appropriate market value on all the 'environmental services' provided by Paraguayan ecosystems.

The creation of rights to emit greenhouse gases is another, slightly more indirect way of commodifying the environment. Although no-one is allocated 'ownership' of the atmosphere, a tradable product is still created, in the form of permits to pollute. Those companies who incur the highest costs for decreasing their emissions are expected to buy permits from more efficient companies, who thus turn a profit. However, these permits must of necessity be somewhat scarce, or they have little or no value. .

Privatization

Privatization has been used extensively by governments to allocate rights to these environmental 'commodities', transferring what were previously publicly held environmental goods – such as water, forests or the pollution-absorbing capacity of the environment – into private hands. As is well known, the IFIs have been highly instrumental in insisting that developing countries follow this doctrine, which emanates from the North.

Privatization of the environment leads to profound equity-related questions. Who – if anyone - should have rights to the atmosphere? And who does or should own biodiversity? The government? The owner of the land where the biodiversity is found? The communities that manage or live on that land? Or Indigenous communities that managed the land sustainably until they were displaced? This question of rights is one of the most intractable problems relating to the use of market-mechanisms for environmental purposes.

In the case of the EU's Greenhouse Gas Emissions Trading Scheme (ETS) Phase I, for example, tradable emissions allowances were simply handed out to a range of European companies – in fact, the polluters. This created a US$44 billion-a-year European carbon market. It also generated "record profits for RWE AG and other utilities." (Bloomberg, 2006) Yet the ETS failed to meet expectations in terms of reducing greenhouse gas emissions and the EU has fallen behind schedule in terms of meeting its Kyoto target of an 8% reduction in CO2 by 2012.

Public-private partnerships, in areas such as water, carbon market and biodiversity conservation through the establishment of protected areas, also feature prominently in governments' and IFIs' efforts to leverage private sector finance (although the private sector may, of course, see such schemes as an excellent way of leveraging public sector finance). This allows the private sector to participate in decision-making processes relating to environmental problems and situations that were previously dealt with exclusively in the public sphere.

Commercialization

The last, indispensable step in setting up a market in 'environmental services', is that of creating a market and generating demand. So far, however, it seems that it is more or less impossible to attract commercial buyers without strong environmental regulation driving demand. The 'markets' have so far been overwhelmingly dominated by public and/or philanthropic institutions that have 'bought'

environmental assets for public benefit purposes.

In fact, of the 264 examples of 'environmental services markets' that the International Institute for Environment and Development analyzed in 2002 (Landell-Mills & Porras, 2002), hardly any could be considered to be purely commercial (the exception being a few ecotourism projects with dubious impacts on biodiversity). Most were rather conventional schemes that support community-based biodiversity conservation initiatives, which have suddenly been re-baptized as 'payments for environmental services' schemes, seemingly in order to make them more acceptable.

The World Bank is a notable champion of the use of public funds to support projects which have been reclassified as 'payments for environmental services' (PES) schemes and which it can therefore showcase as examples of market-based approaches to conservation. This might look innocent, but in a polarized and highly political debate - as in the current climate change negotiations around Reducing Emissions from Deforestation in Developing countries (REDD), for example - it is far from so, as these projects have subsequently been used as arguments to support the use of commercial carbon financing for 'reduced deforestation' projects.

A classic case of using PES to showcase the inclusion of environmental projects in carbon markets was the very generous grant the World Bank gave to the Kenyan Green Belt Movement through its BioCarbon Fund, to enable it to sell credits for carbon sequestered through its tree planting projects on the international carbon market. However, at a presentation of the project at UNFCCC COP-12 a Green Belt Movement representative stated that his organization would "never" have been able to find carbon finance on the commercial market as the procedures are too complicated. There is also a question as to whether the project would even be financially viable without Bank funding. (However, the Bank's own web pages simply state that "Other sources of financing are being determined." No financial figures seem to be available. (World Bank, 2008))

Moreover, most existing PES schemes are accompanied by strict regulations, sometimes even prohibiting the very activity that is being paid for, and most 'success stories' are only really successful because of effective public governance. A famous example in this respect is the Costa Rican PES scheme, which set up a system to pay for the environmental services provided by forests, including the conservation of biodiversity, water basins and water resources, aesthetic values and carbon sequestration. However, when attempting to sell this scheme on the international carbon market, the Costa Rican government tended not to mention the fact that the scheme was actually accompanied by a nation-wide deforestation ban when it was introduced. (Lovera, 2007) So while there is general consensus about the fact that the overall policy was successful in terms of halting deforestation in Costa Rica, it is hard to tell whether this success was due to the deforestation ban or the far more expensive PES system.

It is also important to note that the Costa Rican PES system was not a success economically. Costa Rica found that protecting a ton of carbon cost around US$27, while market prices varied between US$4-16 per ton at the time of introduction. The only reason the entire system stayed afloat was because most of the resources were generated by a national petrol tax, matched on a regular basis by official development aid. Implementing the same system in a larger country could be extremely expensive: at one REDD negotiating session, for example, Joao Capobianco, Brazilian Vice-Minister for the Environment calculated that it would cost Brazil roughly US$5 billion a year to apply the same system to the most threatened 30% of the Amazon forests. (Lovera, 2007)

Market-based mechanisms, the World Bank and regional development banks

The world's 'international financial architecture' can be said to include the World Bank group, the International Monetary Fund, regional development banks and national agencies in G7 countries

mandated to promote international development cooperation. The international bodies are all heavily influenced by the wealthiest countries, especially those belonging to the G7, because capital investments, shares and voting power are determined by a country's Gross Domestic Product. (CENSAT, 2008) Even regional development banks include influential member states from outside their respective regions.

A comparative analysis of the key sectors and regions funded by IFIs also shows that there is a considerable overlap with the sectors and destinations targeted by purely commercial foreign direct investment. (CENSAT, 2008) This raises questions about the real interests of the World Bank. Is it development? Or is it really about the economic welfare of large companies and investors and their stakeholders?

Take the World Bank's financial figures for 2005, for example. The total amount of funding disbursed by the International Bank for Reconstruction and Development (IBRD) and the International Development Agency (IDA) was US$18.7 billion. (World Bank, 2005) However, only 33% of this was for 'development policy lending.' In the same year financial resources pledged by regional multilateral banks (the InterAmerican Development Bank (IDB), the African Development Bank (AfDB), and the Asian Development Bank (ADB)) almost matched those of the World Bank: approximately US$20,370 million. (CENSAT, 2008)

Tellingly, after decades of such 'support' from this international financial architecture, low income countries' total foreign debt is equal to a massive 72% of their income from exports. (World Development Indicators, 2007) This situation is so severe that per capita debt servicing leaves the inhabitants of poor countries living slightly above the poverty line as defined by UNDP (World Development Indicators, 2006), with an average of just US$3 per day to pay for everything. (CENSAT, 2008)

In short, then, this international financial architecture enables the world's richest economies to remain firmly in control of the global 'public purse' and to ensure that all projects are in accord with their economic outlook and interests. Thus it comes as no surprise that these institutions are also at the heart of the drive to commodify, privatize and commercialize the environment.

The World Bank, for example, is quite explicit about the fact that the goal of its environmental strategy is "to promote environmental improvements as a fundamental element of development and poverty reduction strategies and actions." (World Bank, 2001) It also makes specific reference to the commodification and privatization of the natural environment in its list of criteria for project design which include support for "the creation of markets for ecosystem services and the use of independent systems of certification for sustainable use" and "the trade of goods and services through the Prototype Carbon Fund and to prepare for the Clean Development Mechanism." (World Bank, 2001)

Similarly, the ADB promotes the privatisation of water, solid and liquid waste management and the general importance of market principles and cost recovery (ie payment for services that were previously freely provided by the state, such as water).(CENSAT,

Foto: Miguel Lovera

2008)

The IDB puts even greater emphasis on using the market for the management of natural resources. It's "Environment Strategy is based on the recognition that environmental quality and the natural resource base constitute the natural capital that sustains economic growth and competitiveness in the long run, and factors that help reduce poverty and improve social well being." (IDB, 2003)

Furthermore, IDB Bank programs will "seek to preserve and improve the quality and quantity of the natural resource base, recognizing that natural capital must complement human development and financial and physical capital to achieve competitiveness and sustainable economic growth objectives. Areas to focus on are: (a) enhancing the productive value of natural resources and their environmental functions and services; (b) facilitating investments and market development and promoting private sector participation in environmental related activities; and (c) tapping global and regional environmental markets." (IDB, 2003)

Indeed, there is hardly a dissenting voice at the intergovernmental level. Even the United Nations Environment Programme directly supports the creation of markets for natural resources as a strategy for poverty reduction and the minimization of environmental damage. (UNEP, 2006) Robert Zoellick, World Bank Group President, has also commented that climate change "is a development, economic and investment challenge. It offers an opportunity for economic and social transformation that can lead to an inclusive and sustainable globalization. That is why addressing climate change is a critical pillar of the development agenda." (WB Climate Change Strategy 2008)

These words, however, are more that just statements of intent. As we shall see below, environmental services and carbon markets are already in full swing.

The Global Environment Facility

Established in 1991, the GEF aims to meet the incremental costs of providing global environmental benefits, especially in relation to biodiversity, climate change and International waters. It also deals with the finances of the UN's multilateral environmental agreements; and the World Bank is in turn one of the GEF's implementing agencies. The GEF is rather more muted in relation to commodification, but it is still working in the same direction, especially through projects promoting the privatization of the environment.

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. 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). These are Tayrona (on the Caribbean Coast), Gorgona (on the Pacific Coast), Amacayacu (in the Amazon) and the Parque Nevados (in the Andes). These parks used to be home to Indigenous and local communities: now a night in a hotel in Gorgona, for example, costs

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upwards of US$200 per person.(Aviatur, 2008) The Global Environment Facility (GEF) has contributed US$15 million in public funding to the project's US$42,850 budget. (GEF, 2008)

It is believed that the Colombian government's main concerns are to maximise the development of economic partnerships and to secure territories after the paramilitary conflict. There seems to have been considerably less concern about the displacement of the parks' usual tour guides, to make way for Aviatur and its allies; the welfare of marginalized local communities; and the possibility of links between business officials and paramilitary forces.

The India Ecodevelopment project provides another example of the use of GEF funds (US$20 million) to draw in private sector investments to attract a tourist crowd to highly important ecological and natural areas. One of the key characteristics of this process is the exclusion of local indigenous communities living in the forests. (GEF, 2008a)

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, and is being vigorously propagated in many protected and community-conserved areas, including through projects financed by UNEP, UNDP, the GEF and the World Bank, as well as by private sector companies such as Taj Hotels Private Limited, one of India's oldest and largest luxury hotel companies. (Equations, 2007)

The World Bank, Carbon Markets and PES

As part of this international drive to promote market-based mechanisms as the solution to the world's environmental problems, the World Bank has been particularly active in positioning itself as a key player in the development and implementation of carbon trading and finance. The Bank has already established a number of carbon funds which are dedicated to providing 'carbon finance' to numerous different projects around the world.

Nevertheless, between 2005 and 2007, the World Bank Group still lent more than US$1.5 billion for greenhouse gas-emitting projects in the oil, gas and coal sectors. Furthermore, less than 10% of its actual financing allocated to carbon contracts goes to small, clean energy projects, whilst 75-85% goes to carbon trades involving the coal, chemical and iron and steel industries (effectively subsidizing those industries). (SEEN, 2008) As the Sustainable Energy and Economy Network has pointed out, between 2005 and 2007 the Bank also charged an average 'overhead' of 13% on projects to cut emissions, meaning that it has earned something in the order of US$260 million for projects intended to resolve a problem that it itself is contributing to. (SEEN, 2008)

The Bank currently has eleven different carbon funds, which include a number of funds that it manages on behalf of a range of (currently European) countries. These country-sourced funds allow those countries to purchase credits from climate change-related projects in other developing countries or economies in transition (primarily under the Kyoto Protocol's Clean Development Mechanism (CDM) and Joint Implementation (JI) process). CDM and JI credits can then be set against the purchasing countries' emissions reduction targets. Thus the Bank's carbon funds help those primarily responsible for emissions of greenhouse gases to continue on a business-as-usual basis.

At the same time the Bank has channeled those funds to a range of projects that have turned out to be highly questionable. Civil society groups at the UNFCCC COP-13 in Bali, in December 2007, for example, commented that "The CDM has not worked. Projects have tended to lead to excessive profits for business, whilst generating investment for many projects that would have happened anyway. Several years of carbon trading have not stopped increasing rates of greenhouse gas emissions. In

fact, studies show they may be resulting in an overall increase in emissions. Many projects are not 'clean' nor are they leading to poverty alleviation or sustainable development, as intended." (Civil society statement, 2007)

Photo: Simone Lovera

The Prototype Carbon Fund and the BioCarbon Fund

Some of the Bank's other carbon funds are more experimental in nature, and are intended to kick start and develop pilot projects in the field of carbon trading. The first of these was the Prototype Carbon Fund, which was established in April 2000. Another is the BioCarbon Fund, which focuses on land use projects intended to sequester carbon, including through afforestation and reforestation projects.

The Prototype Carbon Fund (PCF) is a public-private initiative, funded by 17 companies and 6 governments, to the tune of US$180 million. As its name suggests it was intended "to pioneer the market for project-based greenhouse gas emission reductions." (World Bank, 2008a)

The PCF was used to fund a particularly controversial project in Minas Gerais region of Brazil, which exemplifies the way in which the World Bank is happy to place corporate interests before the environmental concerns that the fund was supposedly set up to address. Plantar SA, a pig iron smelting company, wanted to claim carbon credits for a vast eucalyptus monoculture plantation planted to provide charcoal with which to smelt the pig iron. The credits were for carbon sequestration by the trees and because they planned to use charcoal instead of coal for the smelting process. However, smelting required even more charcoal than could be provided by the eucalyptus, putting pressure on the surrounding native forests; and plantations only sequester something in the region of 20% of the carbon that primary forest can lock away. (Palin et al., 1999, for CGIAR) Furthermore, Brazilian eucalyptus is harvested in seven year cycles, so the carbon in question is hardly being 'stored'. Plantar also has an extremely bad record in terms of acquiring land that should, by Brazilian law belong to peasants, and because of its very poor employment record. In spite of all this however, the World Bank still agreed to fund the project; and Plantar has even managed to acquire Forest Stewardship Council (FSC) certification. (FOEI & GFC, 2005)

The BioCarbon Fund is another public-private initiative, established in 2004, which is intended to fund demonstration carbon sequestration projects in the field of land use and forestry (including afforestation, reforestation and/or "Reducing Emissions from Deforestation and Degradation" (REDD)). The BioCarbon Fund is also supposed to promote biodiversity conservation and poverty alleviation.

Perhaps because its end goals are less commercially oriented, fewer funds are available for this fund. The same holds for the Bank's Community Development Carbon Fund: together they only account for some 10% of the US$2 billion in the Bank's carbon funds. (SEEN, 2008) The current second tranche of the BioCarbon Fund has a total capital of US$ 38.1 million. (World Bank, 2008b) Critically, three quarters of the BioCarbon Fund's projects generate carbon credits for the self-regulated voluntary market (meaning that are criteria are less strict than in CDM and JI projects). (SEEN, 2008)

Photo: Sobrevivencia

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 BioCarbon Fund was the first of a number of Bank funds focused on forestry, including the new Forest Carbon Partnership Facility and a proposed Forest Investment Fund.

REDD, the World Bank and the Forest Carbon Partnership Facility

Governmental efforts to tackle greenhouse gas emissions by Reducing Emissions from Deforestation in Developing countries (REDD) are moving ahead rapidly within the UNFCCC negotiations, now that is widely understood that some 18% of global anthropogenic GHG emissions stem from deforestation.

Contentious issues include the extent to which developing countries could or should participate in emissions reductions programs; and how any such program might be financed. Many governments, both North and South, appear to be strongly in favour of financing REDD by allowing the sale of REDD 'credits' on carbon markets, either by governments, or by individual companies (although Brazil, India and Tuvalu all support alternative forms of funding). Standing forests, then, could be next in line for the three step commodification process, with all that that entails.

Potential income generation is supposedly somewhere in the region of US$5 billion – US$13.5 billion per year (Stern, 2006; Ebeling & Yasué, 2008) for even relatively low reductions; and this is clearly discouraging governments from critically reviewing experiences to-date with existing PES and carbon market schemes. They thus risk establishing a further tranche of highly damaging projects that benefit private landowners, forest and nature conservation management companies, and corrupt government elites, with less than optimal (and possibly no) environmental improvements, especially if plantations continue to be counted as forests. REDD projects are also likely to engender significant negative impacts for forest-dwelling communities, including further displacement and violence, and disruption to land reform programs.

The potential profitability of REDD projects is also likely to discourage developing country governments from implementing cheaper effective policies, such as deforestation bans and moratoria; and could again allow Northern governments to sidestep action to tackle emissions at home. Governments are clearly not alone in being fixated on the potential financial windfalls that REDD promises. The World Bank is also making the most of yet another opportunity to continue its transformation into the world's leading intergovernmental carbon broker. Consequently, the Bank

launched a successor to the Prototype Carbon Fund, the Forest Carbon Partnership Facility (FCPF), at the 13th Conference of the Parties to the Climate Change Convention in December 2007 (ignoring the fact that governments had not - and still have not - actually made a decision about whether or not to include forests in carbon trade in the post-2012 climate change agreement). The FCPF is ostensibly intended to help 20 countries prepare REDD strategy plans; and to pilot REDD projects in 5 countries (with a total target fund of US$300 million). (World Bank, 2008d)

The World Bank's new Climate Investment Funds

In addition to these eleven existing funds, the Bank is also proposing that a further three Climate Investment Funds be established, as part of its forthcoming for the World Bank Group (which will be discussed at the 2008 Annual Meetings in the fall). Although the exact form and structure of these funds still seems uncertain, the Bank has tentatively proposed a Clean Technology Fund (US$5-10 billion), a Strategic Climate Fund (US$1 billion) and a Forestry Investment Fund (US$1 billion). (SEEN, 2008)

Current discussions about the Strategy include a focus on linking its current energy access programs to carbon finance; strengthening collaboration with GEF in the area of climate change financing; and the need for further mobilizing and innovating finance for climate change. (World Bank, 2008e) The present discussion draft also states that "In consultation with interested parties, the WBG and Regional Development Banks (RDBs) are joining efforts to establish a portfolio of strategic Climate Investment Funds (CIF)….Having pioneered and made significant progress in carbon finance, the WBG is continuing to facilitate the development and innovation of the carbon market." (World Bank, 2008e)

However, the proposed funds will undermine more democratic and accountable UNFCCC funding mechanisms that have been proposed and have thus been vehemently opposed by G77/China. Furthermore, since they will be loans rather than grants, developing countries could land up owing rich countries even more money because of climate change, even though it is the rich industrialized countries that are responsible for climate change in the first place. (Friends of the Earth US and Oilchange International, 2008)

Conclusions

This tour of the strategies employed by international financial institutions illustrates the intentions underlying the work they do on environmental issues in developingcountries. It also highlights contradictions in the 'green' debate that the countries which are represented by these institutions present in various global and local scenarios.

Continued adherence to the unproven and inequitable market-based 'solutions' promoted by industrialized countries, and the international financial architecture they have created and control, is strangling efforts to bring about the real, effective and equitable change so desperately needed. These unproven, profit-focused, market-based mechanisms (labelled 'innovative' and 'cost-effective' in official documents) include carbon trading, biodiversity offsets, certification, 'eco'tourism and trade in genetic resources and related knowledge. There are a range of other cost-effective, and tried and tested policy options that could be deployed, such as bans on deforestation.

Commodification is not a way out of people's 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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