
The International Monetary Fund: Funding deforestation

As compared to the World Bank --its sister institution-- the IMF's impacts on forests have been relatively underreported. However, International Monetary Fund loans and policies have caused extensive deforestation in countries of Africa, Latin America, and Asia.

Through the imposition of "structural adjustment programs", the IMF influences countries' economic policies and practices by conditioning loans upon the acceptance of a series of trade and investment liberalisation measures. Along with its partners --most notably the World Bank and the World Trade Organisation-- the IMF has been instrumental in promoting a regime of privatisation, deregulation, foreign investment, and export-oriented growth. Through these policies, the IMF imposes a one-size-fits-all prescription, allegedly for the purpose of economic growth by increasing Southern countries' access to hard currency. However, while meeting development objectives has proven elusive in most IMF client countries, the overall effect of these policies on forests globally has been devastating.

Although the architects of corporate globalisation claim that trade and investment liberalisation is the best strategy for improvements in environmental protection, the record shows that funding for environmental programs has been hampered by the significant cuts in government spending imposed by the IMF as part of its loan conditionalities. Government spending on important environmental programs has thus been substantially reduced in Brazil, Nicaragua, Guyana, Papua New Guinea, Indonesia, Tanzania, and Cameroon. IMF-induced budget cuts have impeded the following activities:

- Promotion of responsible forestry and sustainable development
- Enforcement of forest and wildlife protection measures
- Prevention of mining disasters
- Demarcation of indigenous lands

Additionally, inadequate funding for regulatory agencies has created conditions for:

- Widespread illegal logging, including in national parks and protected reserves
- Corruption in regulatory schemes
- The inability to respond rapidly to natural disasters
- Extensive poaching of imperilled species

Long-term economic prosperity must be based on sustainable development patterns. Instead the IMF prioritises economic liberalisation measures over key social and environmental objectives. The IMF's primary economic liberalisation mechanisms have included: reducing export taxes; relaxing mining and forestry codes; removing bans on raw log exports; offering tax holidays to foreign firms; lifting prohibitions on foreign investment, including land ownership; and otherwise eliminating barriers to trade. The implementation of such liberalisation mechanisms --clearly geared at benefiting transnational corporations-- has heavily impacted on forests and forest peoples' livelihoods. Absent real improvements in environmental safeguards, the IMF's formula has been a recipe for accelerated deforestation for too many countries.

Additionally, IMF policies have impacted on forests and wildlife indirectly through the worsening of poverty conditions in many tropical countries. Through displacement of communities, devaluation of currencies, elimination of social services, and other IMF-driven downward pressures on the living standards of local peoples, rural residents in many countries have been forced to exploit forest resources to fulfil their basic needs.

There is abundant evidence all over the world that the IMF's activities are destructive and are threatening forests and forest peoples. The consistency of forest degradation in countries where the IMF has had an important role calls into question the credibility of the IMF when it claims that its policies do not harm the environment, or that the environment concerns are outside of its mandate: concerns are certainly absent in its policies but impacts are clearly always present. From all available evidence, it is apparent that global protection of forests will not be possible without either fundamental transformation of the approach taken by the IMF, or the removal of its ability to promote and impose policies that harm forests.

Article drawn from the report: " The IMF: funding deforestation" by Jason Tockman, American Lands Alliance. The full report, including the case studies can be read at:
<http://www.wrm.org.uy/actors/IMF/Jason.doc>