
The World Bank: a major actor

The World Bank has been and still is an active and influential promoter of industrial scale tree monocrops using different mechanisms. The first one is providing technical advice for forestry planning. The Bank has carried out dozens of forest sector plans for various countries, which include models on how to zone land and how should land be allocated for different uses, including particularly for plantations. This was a process that the Bank tried to institutionalize -as a global response to deforestation- through the Tropical Forestry Action Plan in the 1980's, which received very strong criticism, particularly from the World Rainforest Movement, which was actually created during that struggle. That is still one of the major ways through which the Bank influences and lays the ground for plantations.

The Bank also supports specific forestry projects. Some of these projects are now known under other names, such as national resource management projects, environmental projects and so on. But basically many of them have forestry and plantations as a focus. Between 1984 and 1994, the Bank lent 1.4 billion dollars to create 2.9 million hectares of plantations. Additionally, the proportion of money lent does not really reflect the scale of its influence. Many of its loans trigger other institutions into committing money into projects, because the Bank provides them with some kind of guarantee. This creates an attractive environment for other investors, so for every dollar that the Bank invests, many other dollars follow.

Apart from helping to establish industry around the plantations, the Bank also funds "social forestry programmes", which provide outsourcing for paper mills. An example of such a programme is in southern India, where eucalyptus plantations are promoted on farmers' land, leading to the displacement of many farm workers.

In terms of industrial scale tree monocrops for pulp, the Bank also funds --and has funded for decades-- so-called small holder nucleus estates, which are set up by and large to furnish the para-statal industries with tree crop material such as palm oil and so on. Billions of dollars have gone to Indonesia to promote these plantations and some of these are linked to the transmigration programmes, whereby the workers are relocated to the Outer Islands -again financed by the World Bank- to furnish labour to these small holder nucleus estates (the nucleus is the industrial plantation). The small holders are then trapped into a near monopolistic relationship with the company to provide the tree crop products. When the Bank got criticised for actually supporting the export of labour to the Outer Islands, it subsequently invested most of the money in so-called second stage development. The agricultural model was failing on many of these resettlement sites and so it encouraged the settlers to switch to tree crops, again as a way of providing material to the mills.

Plantations are also supported through agricultural sector loans in a whole range of kinds, included providing credit to agricultural banks. In Papua New Guinea, for example, all the coastal plantations are funded by the Multilateral Development Banks.

It is also necessary to bear in mind that the Bank influences or creates the conditions for promoting plantations through structural adjustment lending. The basic objectives of structural adjustment

lending being to promote foreign direct investment, to create a better fiscal climate for overseas investments, and to promote an export-based economy. Guyana is an example where promotion of the forestry sector for export is now leading into plantation companies coming in as a natural follow up to logging. The loggers come in, log the forest saying that they are doing selective logging, but all along they actually admit that they are coming in to do oil palm plantations. That is something which is starting there, and that has come up very explicitly in the context of structural adjustment programmes.

The International Finance Corporation (IFC, part of the World Bank Group), invests directly in projects linked to plantations. Bahia Sul Celulose in Brazil, for instance, has the IFC as one of its shareholders. In Kenya, while the World Bank lent money to promote tree plantations, the IFC was investing money in the Kenyan pulp, paper and packaging industry.

The Global Environment Facility, which is a grant facility where the World Bank is the main implementing agency, has also provided money to set up plantations under the guise of carbon sinks, at least in Ecuador and Kenya.

The World Bank is therefore one of the major agents in the promotion of industrial-scale tree monocrops and much effort will need to be directed in order to make it introduce changes, not only into its forestry sector loans, but to the whole range of those of its activities which result in the substitution of native ecosystems (both forests and grasslands) by monoculture tree plantations.