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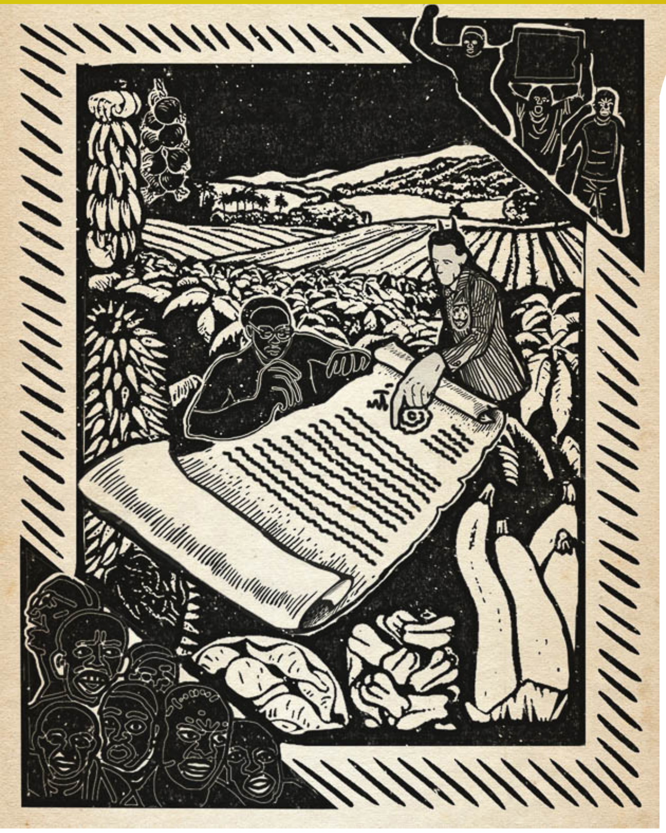

This illustration was created by members of Tricontinental's art department, for the dossier no.88: *Africa's Faustian Bargain with the International Monetary Fund* (thetricontinental.org/dossier-faustian-bargain-imf-africa). The artwork illustrates the Faustian bargain that all African countries have to make, which comes at a cost to their financial, industrial, agricultural, and political sovereignty.

editorial

resisting the threat of global finance, building food sovereignty

The 3rd Global Nyéléni Forum is set to take place in Sri Lanka this September. Sri Lanka is a deliberate choice: in 2022, a people's uprising—known as Aragalaya—ousted a corrupt neoliberal regime that had plunged the country into a severe debt crisis and societal distress.

Of Sri Lanka's staggering US $57 billion external debt, about 32% is owed to multilateral financial institutions such as the Asian Development Bank, World Bank (WB), and International Monetary Fund (IMF), and another 28% is owed to the Paris Club. Nearly a quarter of the government's revenue is spent on repaying foreign creditors, and much of this debt comes with conditions that promote the privatization of public services and the commodification of land and natural resources.

Sri Lanka is not alone. Twenty African countries are facing debt distress and nearly half of the world's population lives in countries that spend more on debt repayments than on public services. International financial institutions (IFIs) have reconfigured national budgets and financial architecture such that the interests of finance capital take precedence over the well-being and health of people and the planet. A global pushback is necessary to build food sovereignty and resilient agroecological food systems.

At a recent dialogue hosted by the Committee on World Food Security, the Civil Society and Indigenous Peoples' Mechanism emphatically noted that there can be no food sovereignty without financial sovereignty! This edition of the newsletter delves into some of the salient issues related to this and proposals for a push-back.

Focus on the Global South and La Via Campesina

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who we are

In the last years hundreds of organisations and movements have been engaged in struggles, activities, and various kinds of work to defend and promote the right of people to Food Sovereignty around the world. Many of these organisations were present in the *International Nyéléni Forum 2007* and feel part of a broader **Food Sovereignty Movement**, that considers the Nyéléni 2007 declaration as its political platform. **Nyéléni is the voice of this international movement.**

Organisations involved: AFSA, ETC Group, FIAN, Focus on the Global South, Friends of the Earth International, GRAIN, Grassroots International, IPC for Food Sovereignty, La Via Campesina, Marcha Mundial de las Mujeres, Real World Radio, The World Forum Of Fish Harvesters & Fish Workers, Transnational Institute, VSFJusticia Alimentaria Global, WhyHunger, World Forum of Fisher People, WAMIP.

box 1

Global finance dictates trade liberalization: A call to re-imagine trade between countries

The Washington Consensus—imposed by the IMF and World Bank through conditional lending—institutionalized neoliberalism. Its core policies included trade liberalization, privatization of state-owned enterprises, public spending cuts, deregulation and reregulation biased towards corporations. The World Trade Organization (WTO) further reinforces these principles through global trade agreements that favour transnational capital.

La Via Campesina (LVC) emerged as a global peasant resistance force to neoliberal reforms and the WTO. While peasant mobilizations have helped stall WTO progress since 2001, its 1995 Agreement on Agriculture still permits powerful nations like the U.S. and EU to push aggressive trade agendas that penalize support to small-scale food producers. Bilateral and regional trade deals have further deepened rural poverty. These trade regimes limit governments—North and South—from implementing food sovereignty policies. They classify domestic market regulation, price supports for small-scale food producers, and public procurement as "trade-distorting", prioritizing corporate access over public interest.

In the past two years, peasant protests have erupted in over 65 countries, signalling the need for a new trading system. LVC is initiating a campaign to build a new, global framework for agricultural trade between countries that is rooted in principles of cooperation and transnational solidarity and defends each country's food sovereignty. It is important that small-scale food producers' and workers' movements, and all those committed to food sovereignty join this collective effort to build a real economic alternative. For more: www.viacampesina.org

in the spotlight 1

Implications of global finance on food sovereignty

One of the biggest threats to food sovereignty is the power of global finance over the real economy, food systems, and food and economic governance. Since the advent of neoliberalism in the 1980s, financial markets have expanded globally, with finance capital extending its reach into national and sub-national economies through banking, micro-finance, and extractive and speculative investment in critical sectors such as food, land, agriculture, water, mining, energy, property development and physical infrastructure. This has been made possible through changes in financial regulation and digital financial technologies (fintech) that enable capital to move freely across national borders and globally and reach communities through digital (via mobile phones) banking/payment applications. A wide array of financial instruments, from pensions, mutual and index funds to securities and derivatives have enabled corporations and individuals to profit disproportionately from such investments at huge costs to the real economy, biodiversity, the environment, stable jobs, access to food, and the climate. Financial globalization has enabled speculation in food and agricultural commodities where traders buy and sell futures contracts on food commodities and/or bet on futures prices to make profits, thus increasing the world's vulnerability to recurring financial and food crises.

Financial crises have severe negative impacts on the livelihoods, employment, incomes, food sovereignty and health of small-scale food providers, workers, and rural and urban poor communities, especially in the Global South. Impacts are compounded by weak (or non-existent) domestic measures for social protection, alleviating hunger and malnutrition, healthcare and debt relief, that are important buffers against economic shocks. For decades, structural adjustment programmes (SAPs) and austerity measures crafted by the WB and IMF have snared many countries of the South into vicious debt traps, the core components of which are trade and investment liberalization, privatization and deregulation. In exchange for loans to keep national economies functioning and access to global capital markets, the WB-IMF continue to demand drastic cuts in state support for essential goods and services, removal of protections for workers, small-scale agricultural producers and the environment, and radical reforms of domestic policies and regulations to serve the corporate sector and free markets.

SAPs and neoliberalism paved the way for the financialisation of food, which entails significant increases in the involvement of financial entities (commercial banks, sovereign wealth funds, private investment funds, asset management companies, etc.) in food systems, and in global transactions of financial products linked with food and land as well as other essentials for producing food. The 2008 food crisis accelerated food financialization, as states scrambled to secure food supplies, creating new profit opportunities for financial investors.

Financialisation and weak anti-trust regulations have enabled corporations to consolidate market size and power in food systems through mergers and acquisitions. Bigger firms attract more financial investment from banks and asset managers, which in turn enable firms to consolidate further, resulting in corporate concentration in food systems. Increased market and financial power allow corporations to shape food systems governance by influencing national and international policies, regulations, laws and research in their favour, at the cost of millions of small-scale food providers, workers, Indigenous Peoples, and rural, peri-urban and urban populations. An urgent task for food sovereignty movements everywhere is to develop strategic, legal, enforceable measures to roll back and prevent the infiltration of global finance into the world's food systems.

in the spotlight 2

A global push for debt cancellation is necessary!

At the core of today's global food crisis is a trade system shaped by neoliberal policies that prioritize profits over people and favour the interests of big and rich exporting countries. These policies promote market-driven approaches, allowing large agribusinesses to dominate at the expense of small-scale food providers who have nourished communities for generations. Market concentration pushes small scale food providers and workers to societal and economic margins, and access to food becomes a privilege rather than a right.

Neoliberal and market dominated policies are deeply intertwined with the politics of debt. Developing countries face significant economic challenges due to concentrated agricultural markets, decreasing revenues and crippling external debts to public and private creditors. To retain access to international capital, governments of highly indebted governments are compelled to prioritize debt repayments over the well-being of their citizens and enact corporate and market friendly policies instead of programmes that support food sovereignty and sustainable agriculture. This creates a vicious cycle where the needs of people continue to be marginalized in favour of financial obligations to international creditors.

According to the United Nations Conference on Trade and Development (UNCTAD), developing countries' external debt reached a record $11.4 trillion in 2023[1], and 54 developing nations–nearly half of which are in Africa–dedicated at least 10% of government funds to debt interest payments. Today, 3.3 billion people live in countries that spend more on debt payments than on health or education.

The 3rd Nyéléni Global Forum, scheduled for September, will be held in Sri Lanka, a country that has faced severe economic challenges due to external debt. Sri Lanka defaulted on foreign debt payments in 2022, leading to an IMF-led restructuring program. The government was forced to prioritize debt payments over citizens' rights, severely impacting the country's ability to invest in food production, rural livelihoods, and social security for its people.

Current data shows that 60% of low-income countries and 30% of middle-income countries face debt distress, limiting their capacities to invest in food sovereignty and social services, thus worsening hunger and inequality. The 3rd Nyéléni Forum must become a space for building resistance and campaigning against such policies. Debt is not just a financial burden—it's a shackle that limits governments' abilities to prioritize the well-being of their people, and a weapon that enables continuing extraction of wealth from societies in crisis created by debt in the first place.

Debt cancellation is essential to breaking this cycle. It would allow countries to prioritize their people and communities, focusing on agroecological food systems where small-scale food producers can feed their communities in harmony with the territories.

1 - https://unctad.org/news/global-debt-crossroads-what-you-need-know-about-14th-international-debt-management-conference

box 2

The role of financialization in driving land grabs

Financialization plays a central role in the global surge of land and natural resource grabs, driving land concentration and undermining communities' ability to feed themselves and others. Since the 2008–09 financial crisis, land has increasingly been treated as a financial asset. Around 65 million hectares have been acquired globally, with pension, insurance, and endowment funds investing approximately US$45 billion in farmland between 2005 and 2017. By 2018, these entities accounted for 45% of all farmland investments.

The current ecological crises—climate change, biodiversity loss, and ecosystem degradation—stem from capitalistic extraction. Yet financial and corporate actors now frame these crises as investment opportunities. Natural functions like carbon storage are rebranded as "ecosystem services," assigned economic value, and traded. The estimated value of these so-called "natural assets" is US$4,000 trillion. Carbon and biodiversity markets, in particular, have fuelled a new wave of "green grabs," with about 20% of large-scale land deals now linked to the bioeconomy. Carbon markets alone are projected to quadruple in value over the next ten years, intensifying pressure on land and dispossessing communities in the name of sustainability and "net zero emissions" claims.

voices from the field

1 IMF and WB have intensified the push to privatize land in Sri Lanka

Anuka Vimukthi MONLAR, Sri Lanka

Two days before the September 2024 presidential election, Sri Lanka was forced to sign a debt restructuring agreement with international creditors—without public discussion or parliamentary debate. This secretive deal prioritized debt payments over the rights and well-being of our people.

For years, international financial institutions have pushed Sri Lanka toward export-oriented agriculture through structural adjustment programs. These reforms have favoured agribusinesses and capital-intensive farming, leaving us—peasants and small fishers—dependent on markets for seeds, fertilizers, nets, and boats, eroding our autonomy and food systems.

Now, under the 17th IMF program, the burden of economic stabilization has fallen on the poorest. Austerity measures, including cost-recovery energy pricing, have nearly tripled fuel and electricity costs, devastating livelihoods. Increased taxes on equipment and inputs have driven many peasant farmers into poverty and debt.

The IMF and World Bank have long pushed for privatized land markets. With this latest program, their demand has returned, raising fears of mass land dispossession. As a member of MONLAR, I am part of a growing movement resisting these unjust measures. We are intensifying our campaign and urging the government to recognize food sovereignty and the rights of peasants and rural workers as central to Sri Lanka's agricultural and economic policy.

2 Kenya's default on its debt obligations led to free trade agreements that criminalize peasants

Susan Owiti, Kenyan Peasants League

Kenya has a massive public debt; the country's debt-to-GDP ratio was around 68% in 2024. Currently, the Kenyan government's debt servicing obligations consume about 48% of the national budget and around 55% of the country's income. This directly impacts peasants, as funds that were meant to support Peasant Rights in Kenya are being redirected to service debts.

It also means that households are forced to borrow to survive and even pay for services that have been privatized. Rising costs, mounting debt, and severe pressure from lenders are pushing households into a deepening crisis. Farmers, who are trapped in the conventional agricultural system that relies on pesticides and fertilizers, are falling further into debt as the state removes or cuts all subsidies and incentives. In the absence of state planning or support for a meaningful agroecological transition, many peasants are left at the mercy of the market which consistently fails them.

Kenya's default on its debt obligations led to the negotiation of free trade agreements that promote laws criminalizing the peasant way of life, such as the Mung Bean Bill, (criminalizing unlicensed cultivation of green gram), or the Seeds and Plant Varieties Act. Another example is the ongoing US-Kenya Strategic Trade and Investment Partnership, which included conditions such as the lifting of the ban on GMOs.

3 Global debt architecture violates human rights

La Via Campesina Ecuador

Currently, Ecuador holds a loan of 8.705 billion dollars with the International Monetary Fund, making it the fourth most indebted country globally. In the 23rd agreement between Ecuador and the IMF, the loan is described as supporting Ecuador's policies to stabilize the economy and safeguard dollarization. It also aims to advance a structural reform agenda.

However, peasant, Indigenous, and civil society organizations have questioned the loan and warned of the impacts of the measures and conditions imposed by the IMF. Among the main agreements are the elimination of fuel subsidies, hourly labour, a new tax reform, and other conditions.

We affirm that this global debt architecture violates human rights, plunging peasants, Indigenous peoples, and the entire working class into poverty and indebtedness. We also denounce that we are facing a wave of criminalization, stigmatization, and persecution, intensified by our struggle and resistance in defence of a dignified life. Many leaders and social movement representatives are being prosecuted and are at risk, while complex measures loom that will carry an extremely high social cost.

in the spotlight 3

How to raise finances to build food sovereignty?

Building food sovereignty and expanding agroecology require dedicated and continuing public social, physical, economic and financial infrastructure. Appropriate and sufficient kinds and amounts of financing are needed at multiple levels, to ensure that small-scale food providers have the funds and other resources (such as land, energy and water) needed to invest in production, processing, storage and distribution/marketing. At the same time, enabling policy environments are necessary to deliver the required financing, as well as strengthen the social, economic and environmental foundations of food sovereignty and agroecology; financing should not trap small-scale food providers into debt cycles, and policies must protect them from competition from agrifood corporations.

A crucial measure is redirecting national and global multilateral food, agriculture and climate budgets away from industrial, corporate food systems and value chains towards food sovereignty and agroecology. Eliminating the huge direct and indirect subsidies that agribusinesses get for production, exports, transportation, marketing and protection against social-environmental liabilities will free up vast amounts of money at various levels, which can be used to finance the infrastructure needed for food sovereignty.

Simultaneously, public revenue streams can be mobilized through various kinds of taxes: general progressive taxation; taxing corporations appropriately, including for profits from hyper-markets and digital transactions; windfall taxes on profits from food/commodity/land speculation; taxes on junk and highly processed foods, etc. Offshore tax havens must be closed, and laws against fiscal evasion and corruption be instituted and enforced, including seizing assets of wealthy tax avoiders. Money from such measures can be used to cross-subsidize small-scale food provision, producer-consumer cooperatives, territorial markets, community food banks, community health and insurance programmes, and other collective services important for food sovereignty. Importantly, they can free up money for debt relief for rural-urban poor communities and access to adequate credit, enabling them to rebuild their economic capacities.

Food sovereignty is premised on the rights of people and communities to food and to living full, healthy, productive lives with dignity, justice and equality in present and future generations. This demands ample, continuing investment by governments and society in transforming societal, political and economic systems, so that small-scale food provision gets the financial resources it urgently needs. These include measures such as public procurement of agroecologically produced food for school meals and other community food needs, public investment in territorial markets and environmental protection, ending food speculation, and policies that ensure living wages and safe working conditions for food system workers, especially women. Food crises are created and exacerbated by deregulated international finance, which undermine food sovereignty. Actions as described above by governments and multilateral agencies are important in protecting our food systems and also give positive signals to all society to support food sovereignty.

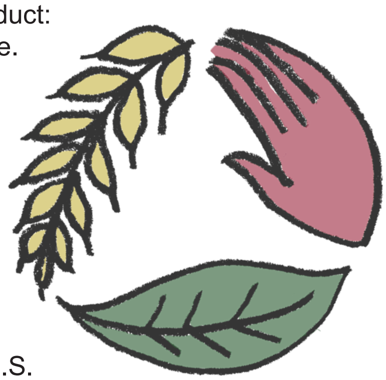
voices from the field 4

Argentina: food sovereignty is being pushed aside

Diego Montón, Argentine Indigenous Peasant Movement, MNCI Somos Tierra

In March 2025, the International Monetary Fund (IMF) approved a restructuring of Argentina's debt, illegally granting it 20 billion dollars. This adds to the 41.052 billion USD it lent in 2018.

Argentina's debt represents 30% of the IMF's total loans, making it the main debtor. The debt accounts for nearly 10% of the gross domestic product: it is unpayable. We ask ourselves, why does the IMF keep lending to Argentina? Laura Richardson, head of the U.S. Southern Command, stated at an Atlantic Council event, "Latin America is key because it has water, food, oil, and 60% of the world's lithium." Javier Milei enacted an investment regime (RIGI) that grants broad benefits to financial capital, without taxes or regulations. The head of the IMF, Kristalina Georgieva, urged Argentinians to vote to continue in that direction.



Beyond the restructuring brought by each agreement with the IMF, the debt forces states to enable extractivism. The only path Argentina has today is to organize and struggle to repudiate the IMF debt and move together toward food sovereignty, economic independence, and social justice.

box 3

Deregulation and the neoliberal shift in global agriculture

The IMF and WB—through conditionalities attached to loans and other financing, and policy advice—have played central roles in increased financialisation, market deregulation and corporate friendly regulation in the food, agriculture and related sectors. These have resulted in land grabs, greater exposure of smallholder farmers to high price volatility, the concentration of markets and financial power by agribusinesses, and the expansion of polluting industrial agriculture.

Most recently, Pakistan's deregulation of its wheat sector, in line with IMF conditionalities, has eliminated the Minimum Support Price and is winding down the Pakistan Agricultural Storage and Services Corporation (PASSCO)[1]. In Argentina, the IMF-endorsed austerity measures have led to mass layoffs and cuts in social services, food market deregulation and deregulation of the Law of the Rural Lands. In Ecuador WB-backed shrimp farming destroyed mangrove forests and displaced local communities, underscoring the environmental and social costs of such policies.

Such changes in regulatory environments are not limited to developing countries, nor are they enforced through lending institutions alone.

A case in point is the 1992 Blair House Agreement—a key bilateral deal between the United States and the European Union on agricultural subsidies. It led to the EU ending milk production quotas. Many small farmers in Europe faced increased competition and price instability. It is therefore no surprise that between 2007 and 2022 the number of small farms in the EU decreased by 44%, while the number of mega-farms increased by 56%.

The Blair House agreement later paved the way for the Agreement on Agriculture[2]—the first multilateral framework on agricultural trade, which dictated the contours of many subsequent FTA negotiations of the WTO—and enabled the globalization of agribusinesses, while marginalizing the peasantry.

In the United States too, deregulation policies have significantly impacted the agricultural sector, particularly the dismantling of the parity pricing model[3] and the supply management system based on quotas that once provided stability to small farmers.

Autonomous deregulation in wealthy countries has also contributed to the expanding power of financial markets and actors within food systems. This has led to speculative trading, record-high food prices, increased price volatility worldwide, and the opening of new markets for genetically modified seeds.

It is therefore quite clear that the neoliberal economic ideology that prioritizes financial markets over people is deepening inequality, imposing austerity measures that are weakening rural economies, and eroding public accountability. The ongoing protests in various countries reflect a growing resistance to the withdrawal of the state from its obligation to serve the people, not the markets.

If anything, we need more market regulation to protect people's interest, not deregulation.

1 - Pakistan Agricultural Storage and Services Corporation (PASSCO), a government-owned entity which procures wheat and other staple crops at support prices to ensure fair returns to food producers, maintain strategic reserves, and stabilize market prices.
2 - The Agreement on Agriculture (AoA) is a WTO agreement aimed at reforming trade in agricultural products. It was established during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) and came into effect with the WTO's establishment in 1995.
3 - Under Parity pricing the government set support prices—such as through price floors or subsidies—based on the cost of inputs and living standards from the base era, adjusted for inflation.

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"One does not sell the earth upon which the people walk" Tashunka Witko, 1840 –1877