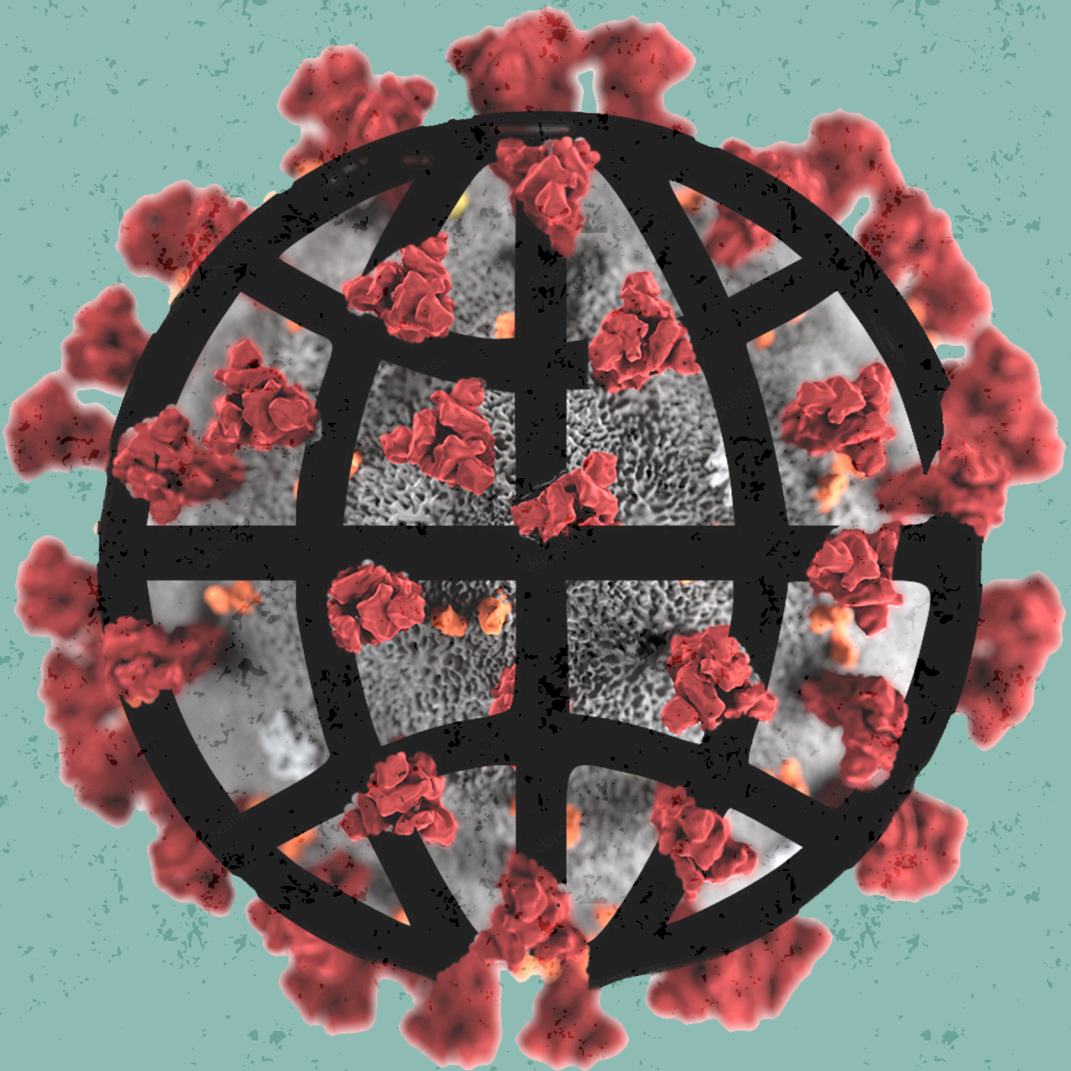


PANDEMIC AS AN OPPORTUNITY

COVID 19 OUTBREAK AND RESPONSE OF
MULTILATERAL DEVELOPMENT BANKS



With a Foreword by **MEDHA PATKAR**

PANDEMIC AS AN OPPORTUNITY

Covid 19 Outbreak and Response of
Multilateral Development Banks

Pandemic As An Opportunity

Covid 19 Outbreak and Response of Multilateral Development Banks

Authors:

Anuradha Munshi, Maju Varghese

Copy Editing: Rosamma Thomas

This booklet was prepared with the support of the Heinrich Böll Stiftung India. The views and analysis contained in the publication are those of Centre for Financial Accountability and do not necessarily represent the views of the Heinrich Böll Stiftung.

Published by:

Centre for Financial Accountability

R-21, South Extension Part 2, New Delhi-110049

info@cenfa.org | www.cenfa.org

September 2020

Copyright: Free to use any part of this document for non-commercial purpose, with acknowledgment of source.

For Private Circulation Only

Contents:

Preface 2

Foreword 4

Introduction 8

The World Bank 9

Sensitive Data collection and focus on digitalisation for delivery systems 10

International Finance Corporation (IFC) 17

Asian Development Bank 18

Asia Infrastructure Investment Bank (AIIB) 20

New Development Bank (NDB) 21

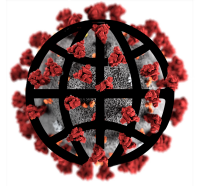
Total lending 21

What do the COVID-19 funds mean for India? 22

Annexures:

Annex 1: Details of accountability mechanisms of each of the institutions: 35

Annex 2: Details of funds received by India from Multilateral Development Banks for COVID-19 recovery support 36

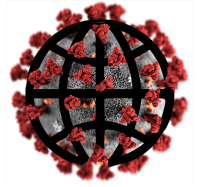


Preface

Multilateral Development Organizations like the World Bank Group over the past decades have defined mainly how the language and direction of development have shaped globally. In India, the experience has been no different. From the very unidimensional understanding of development promoting free-market economic policies such as deregulation, privatisation and trade liberalisation, as well as targeting unlimited economic growth, implemented primarily through Structural Adjustment Programmes (SAPs); these institutions have kept the people /communities at the periphery in this discourse.

Over the past decades, people and people's movements across the globe have raised their voice against the development projects as well as the structural adjustments policies that these institutions have pushed on them in the most non-democratic ways. In India, the Narmada struggle has defined the resistance against the World Bank and its anti-people agenda. The people's struggle ensured that the Bank had to withdraw from the Narmada Valley. However, these institutions have a weak ability to learn from their past mistakes, or one would rather say they are smart enough to redefine themselves to ensure new ways to keep themselves relevant while keeping the agenda of promoting free-market and neo-liberal policies intact.

In the past few decades, multilateral development banks have used the disaster capitalism to redefine their relevance using every opportunity to support a change of economic policies that benefit private sector interests at the expense of marginalised communities. Development Policy Loans have become the new Structural Adjustment Program (SAP), mega infrastructures like smart cities, industrial corridors are being supported with no consideration for the impacts on communities, climate or livelihoods. In the past two decades, we have witnessed many cases where communities have approached these institutions to avail their accountability mechanisms like in the case of the IFC. IFC & Asian Development Bank-supported Tata Mundra Ultra Mega Power Project, IFC supported GMR Kamalng Power Project and Tata Tea Project, World Bank supported Vishnugad Pipalkoti Hydropower project, Amaravati Capital city Project and many others as these projects have been marred by environmental and social concerns from their very



inception. But, these institutions have not learnt their lessons nor have they acknowledged their failures and the destruction they have caused to the people or environment.

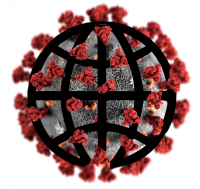
Today in India we are witnessing a systemic assault on the very foundation of the democratic structures through the majoritarian government which is leaving no stone unturned to establish systems, structures and policies which provide little or no space for the aspirations of the marginalised. At such a time, institutions like the World Bank are further aiding these processes through their investments and knowledge function. The Bank's Ease of Doing Business has pushed countries like India to push for deregulation, which has eroded environmental protection and attempted to introduce labour and land laws that aid corporations.

It is rather unfortunate that even disaster is being used as an opportunity to further the agenda of promoting capitalism. The COVID-19 pandemic should have warranted of these institutions to provide social unconditionally and health security with no hidden agendas of privatisation and policy changes. What we are seeing is that COVID-19 is being used as an opportunity to push for policy changes and redefining social sector, health sector as well as an opportunity to bring changes to the MSME sector. With the fast-tracked platform that this pandemic has provided for MDBs to push their agenda, it is critical to evaluate the impact of these investments both on economies and communities.

This booklet is an attempt to look into the funds which are approved by the multilateral development banks during and in the name of Covid pandemic. It tries to look deep into the project documents to understand the real intent and agenda of these institutions, while lending in the name of a pandemic.

Joe Athialy

Centre for Financial Accountability



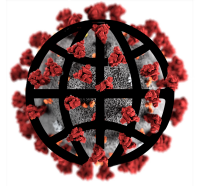
Foreword

CORONA, the pandemic and the lockdown has certainly crippled the life and livelihood of the common citizens of India and the world. While they are not just locked, but also trapped in the crisis of unemployment to food insecurity, there is no doubt that the ruling elite are engaged in making decisions and taking actions to promote and facilitate 'ease of doing business'.

This business is not that of cottage industries referred to in the Article 43 of Directive Principles for the state, to be duty-bound to endeavour to promote on an individual or cooperative basis in rural India, linked with the living wage and decent standard of living for the workers. The business at the focus, even during COVID-19 and its impact is unravelling, is that of the economic and financial strategies and more by not just the Indian but the governments in most of the “developing countries”, based on the paradigm of mass production and mega projects.

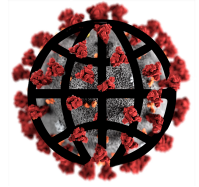
The cowardly decisions to repeal or amendment the labour legislations - the achievement of post-independence struggles of the working-class - as well as environmental laws and rules have certainly shocked the sensitive and sensible intellectuals and people's organisations. The influences of interventions by the forces behind are however unknown to many. This booklet by Centre for Financial Accountability (CFA) brings out the direct and indirect role played by the International Financial Institutions (IFIs) interlinked with or rather pushed through their disaster lending, not even a grant.

While Indian citizens are hearing an echo on the slogans like Atmanirbhar Bharat (Self-reliant India), they will become aware and conscious of the activities as conditional agreements between the Central powers and the financiers towards massive indebtedness is unwrapped. The organisations to movements, fighting battles against the economic recession, are faced with the weakening of legal regime as they carry on their decades-old support for, and involvement in seeking fundamental, constitutional and human rights. They will certainly gain 'knowledge' and realise the need to take up a fight beyond local and national to international arenas.



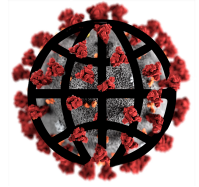
Multilateral Development Banks (MDBs) have been known for their strategic inputs into the policies to perspectives of the nation-states they bind through financial support. Not just structural but systemic manipulations by them have been challenged by all who are conscious of and concerned about the sovereignty of countries. That, there is no democratic process of planning and execution or even a Parliamentary oversight within a country like India pertaining to the International Financial Agreements is an issue raised by eminent individuals and organisations but remains muted over the years. In this context, the move to take the World Bank representatives on the Planning Commission of India was successfully challenged by the Left front politicians in mid-2000s although informal, yet powerful, interventions by them continued covertly. This booklet brings in valuable information on the critical investments made in health as medical service, food security and livelihood support as well as support to industries as post-lockdown response to the collapse - social and economic.

There is no doubt in an unprecedented crisis like the present, international support is indispensable. The post World War II, Bretton Woods Institutions are, therefore, relied upon in this war-like situation by not just India but many countries with small and big economies under attack. The question is whether the loans worth US\$5 billion have created unconstitutional and undemocratic space and status for the financiers while our elected representatives are under lockdown. The rollback of labour legislations, diluting controls through environmental laws, agricultural sector ordinances, as well as power sector reforms, have always been a part and parcel of the neo-liberal reform agenda, we are aware of. Aren't the loan agreements with WB, ADB, AIIB and New Development Bank preceded the reformative as revolutionary changes in the sectoral policies and legislative frameworks which are protested against across the country? Are these financial inputs, appearing to be not so massive in magnitude for \$3 trillion economies, have an agenda for the foreign hands to play a major role in planning with extensive and intensive data collection, reforming support to the corporatisation of sectors such as health, infrastructure, manufacturing to land, agriculture, water and power? Are the finances boosting the replacement of public sector companies by the private corporates, thereby excluding marginalised communities from their rightful economic and social benefits? Are the data-conscious Banks, boasting of data as a



commodity to be useful in planning, likely to act as manipulators of the statutory priorities to choices of technologies? Isn't all these extraordinary transformations going to harm the Indian economy and polity against the interests, rights and basic needs of the common citizens already hit by unemployment and destitution?

The terminology, adopted by the IFIs, the MDBs as also bilateral lenders, is no more considered as sacrosanct. Social protection, recovery of social and economic activity, critical health care and support for livelihoods is no doubt attractive, but only a naive assessor can believe that the COVID-19 affected population or even the small industries that are labour intensive will receive the benefit of these loans and agreements as priority sectors. The countries like Nepal and Indonesia has already exhibited the resultant privatisation boosted through disaster funding. What is more revealing is the inroads made at the state-level through financial support in states of Uttarakhand, Kashmir or even Kerala. The researchers to ground level activists bring out the expanded regime of private corporates and profit-making at the cost of the public sector, state's benevolence and accountability as well as prioritisation in favour of the needs and the needy. All this has gone unnoticed or ignored in the name and context of disaster management and response, which is capitalist in nature. We witness today the same at the national level, puncturing the Federal, Constitutional frame and democratic, sovereign planning processes. Unprecedented reversal of not just welfare state but pro-people development plans and paradigm that would go against the manifest goals and even the stated objectives and targets in the international agreements, are under review in this booklet. Banking, oil and gas, digitalisation to mining are sectors facing transfer to corporate players that is to further loot the state exchequer as a virtually, yet loudly, debated impact today. Stiglitz onwards, the MDB's role and agenda is exposed globally, time and again while their project-based to sectoral investments even if through our own governments, are exposed for their legal violations as in Narmada, Amaravati City, Tata Mundra as well as other infrastructure and irrigation projects. The bypassing of environmental jurisdiction to relaxation in labour rights protection are pushed and promoted and even imposed with even small percentage of funding that no doubt assumes grievance redressal and compensatory benefits, but brings in unacceptable and unjustifiable plans with further impacts like climate change to displacement without mitigation or compensation.



Increasing extractions, evictions, climate change and calamities like cyclones, floods and drought cycles, all of which destroys natural resources and livelihoods result in protests social to political.

The Centre for Financial Accountability has done a valuable exercise of exploring and analysing the loan agreements with the burden on the 130 crore common people in India. The moves behind the curtains when the Parliaments are locked down and the courts are almost closed, when the mass movements are banned, and even educational institutes are locked, are brought into the public domain. This can educate the concerned citizens who can be the watchdog and open for the further detailed search for the 'real beneficiaries' of the debt burden to be carried over years by the citizenry. Much more important will be the awareness regarding the corporate global corporate alliances beyond slogan-mongering, declared schemes and welfare measures that are yet to redress the serious deprivation faced by atleast 80% of Indian population, especially the unprotected working classes. CFA can and should certainly take steps to further simplification, translation and publication to take this critical knowledge to the grassroots at the earliest.

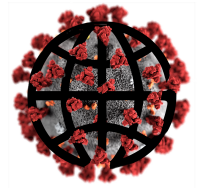
7

Anyone would ask whether it's only the MDBs to be blamed for all the corporate, neo-capitalist onslaught? Aren't our own state actors, democratically elected representatives at the helm of affairs not to be held responsible at all? Of course, yes! They are the ones to be challenged first and questioned on where are the funds received, gathered or collected from global money lenders as neo-liberal, neo-colonial changemakers. They are opening up not just the markets to import-export players but even politico-economic space in a democratic fora beyond financial, in governance itself. This danger can only be questioned when the global players and the games as the influencers are exposed, for what is borne as heavy destruction, exclusion to destitution. CFA will no doubt play a major role in this real democratic process to save the country.

Medha Patkar

Narmada Bachao Andolan

National Alliance of People's Movements



Introduction

The COVID-19 pandemic is a health crisis as well as a challenge to the global economy. It has brought to the fore inadequacies in healthcare provisioning and social protection in different parts of the world. The lockdowns imposed to prevent the spread of the novel coronavirus have brought industrial production to a standstill; economies across the globe are crumbling.

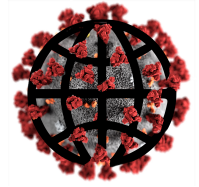
At a time like this, the role of multilateral development banks (MDBs) becomes especially important in supporting weak economies as they navigate this crisis. When even stronger economies and health systems face unprecedented challenges, governments with robust public health systems have negotiated the situation better and shown how to offer relief.¹

Since the COVID-19 crisis emerged, MDBs have stepped in with massive packages for economic, social and health support. The World Bank (WB) alone has committed USD 150 billion (Rs 1105905 cr approx.)² over the next 15 months to help client countries deal with the health and economic effects of the pandemic. Many countries have no resources to finance health provisioning, and have sought debt relief. In April, the International Monetary Fund (IMF) announced debt relief for some countries.

There is, however, more to these funds than support for economies. Assistance from MDBs is seldom without strings attached. There are conditions explicitly mentioned that seek to effect massive changes in domestic policy and economic structure. In March, 2020 the WB President David Malpass, addressing the G20 finance ministers, said, “Countries will need to implement structural reforms to help shorten the time to recovery and create confidence that the recovery can be strong. For those countries that have excessive regulations, subsidies, licensing regimes, trade protection or litigiousness as obstacles, we

¹ <https://www.imf.org/en/News/Articles/2020/04/13/pr20151-imf-executive-board-approves-immediate-debt-relief-for-25-countries>

² All conversions from a dollar to INR @ 1US\$=73.29₹ (average value of \$ to ₹, September 2020). All conversions from Euro to INR @ 1 €=86.57₹ (average value of \$to ₹, September 2020)



will work with them to foster markets, choice and faster growth prospects during the recovery.”³

In the post COVID-19 scenario, the MDBs have already invested close to USD 5.5 billion (Rs 40549.51 cr approx.) in India as support for dealing with the crisis. This is coupled with reforms in the social protection and health sector in India.

The World Bank

The WB has given funds worth USD 2.75 billion (Rs 202 cr approx.) to India through three projects and more funding could be in the pipeline. India negotiated a Development Policy loan for ‘Accelerating India’s COVID-19 Social Protection Response Program’⁴ with the WB. Development Policy loans come with strings attached, that further a neoliberal agenda. These are loans given by the WB on condition of policy changes, which are promised by a country and in line with the Country Partnership Framework for that country.

Many of the reforms which were announced in the financial package are directly from the reform book of International Finance Institutions (IFI) who have been demanding a rollback of labour and environment regulations, power sector reforms and relaxation of land acquisition laws.

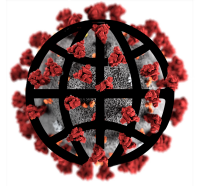
Although these measures come in the wake of the COVID-19 pandemic, they are a piece of the WB work in the country in the past few decades: “The design draws on the WB’s deep country knowledge on social protection in India, gained through technical assistance and analytics over the recent years. The approach is consistent with the India Country Partnership Framework’s focus on building systems of social protection – and supporting India to shift away from fragmented and individual schemes – which can help the poor and vulnerable weather shocks and enhance their resilience.”⁵

³ <https://www.worldbank.org/en/news/speech/2020/03/23/>

⁴ <http://documents1.worldbank.org/curated/en/685311589767271707/pdf/India-Accelerating-Indias-COVID-19-Social-Protection-Response-Program.pdf>

⁵ Page 5, para 1

<http://documents1.worldbank.org/curated/en/685311589767271707/pdf/India-Accelerating-Indias-COVID-19-Social-Protection-Response-Program.pdf>

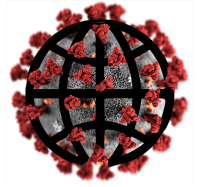


The WB has worked closely with national and state authorities on social protection programmes in India, providing technical support to the Ministry of Rural Development on ‘leveraging’ the Socio-Economic Census (SEC) data for targeted delivery.

The stated objective of Accelerating India’s COVID-19 Social Protection Response Program loan is to strengthen the capability of the state and national governments in India to provide coordinated and adequate social protection to the poor. The programme is designed as an extension of pre-existing programmes and platforms. There are eight ‘prior actions’ and eight ‘triggers’ for this loan. Prior actions are policy and institutional actions deemed critical to achieving the objectives of a programme supported by a ‘Development Policy Operation’. These are the legal terms defined in the loan agreement that have to be met for each operation before disbursement of tranches. The package will include delivery systems and geographic portability of benefits, to ensure support to migrant workers. The prior actions include amendment of ‘Employees’ Provident Fund Regulations, notifying the creation of a social protection window within the National Disaster Management Act and changes and modifications in social sector policies through govt. notifications, advisories and schemes. Triggers include Government of India approving and adopting a framework for pan-national portable PDS access, approving the roll-out of a Jansuraksha Mission to pursue universal coverage on mission-mode for a basic package of three social insurance schemes (Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Pradhan Mantri Suraksha Bima Yojana (PMSBY) and Atal Pension Yojana (APY)), leveraging the Public Distribution System, Pradhan Mantri Jan-Dhan Yojana (PMJDY), e-know your Customer (e-KYC) and Aadhar infrastructure. What is important to note is that none of these changes are available in public or parliamentary space for debate or deliberation.

Sensitive Data collection and focus on digitalisation for delivery systems

The program will require the use of existing data collected by the various social protection programmes; new data will be collected too, and large volumes of personal data are expected to be part of the programme. Sensitive data could also be collected, exchanged and used in connection with the management of the COVID-19 outbreak.



The WB has been providing ‘nuts and bolts’-support to six state governments to influence delivery systems in the past. It organised a ‘Schemes to Systems’ workshop in Delhi in December 2019 to examine social protection reforms and last mile delivery issues. Top officials from state and national government agencies attended.⁶ One of the aims of the workshops was leveraging technology platforms for effective program delivery though it did recognise the challenges it poses.⁷

The WB claims “improvements in last mile delivery of cash transfers have been facilitated by the Bank by providing technical support to the Direct Benefit Transfer Mission which is responsible for digital payments into beneficiary bank accounts.”⁸

Experiences on the ground, however, do not corroborate this claim. The ubiquity of Aadhaar in government provisioning, now sanctioned by law and upheld by the Supreme Court, has led to exclusion of some of the poorest, and caused hunger death.⁹ Also, the value of the cash transfer remains unchanged over long periods, and the sums obtained by beneficiaries may be too small to make any significant difference to the quality of their life.¹⁰

Below is a schematic representation of what is planned by the WB. The table outlines a sequence of reforms proposed by the programmatic series, and draws links between COVID-19 emergency measures and broader medium-term institutional reforms.

⁶ <https://www.worldbank.org/en/news/feature/2019/11/21/lessons-from-social-protection-india-schemes-to-systems>

⁷ <https://www.worldbank.org/en/news/feature/2019/03/15/schemes-to-systems-digital-human-resources>

⁸ Para 4, Page 5,

<http://documents1.worldbank.org/curated/en/685311589767271707/pdf/India-Accelerating-Indias-COVID-19-Social-Protection-Response-Program.pdf>

⁹ 42 'Hunger-Related' Deaths Since 2017, 25 'Linked to Aadhaar Issues'; The Wire; <https://thewire.in/rights/of-42-hunger-related-deaths-since-2017-25-linked-to-aadhaar-issues>

¹⁰ <https://www.indiaspend.com/india-needs-banks-in-underserved-areas-not-aadhaar-to-deliver-direct-benefit-transfers/>

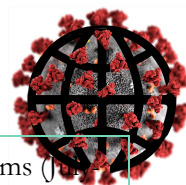
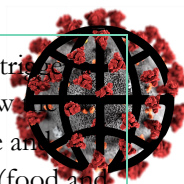


Table 1: Sequencing of COVID-19 Social Protection Interventions and Reforms¹¹

Emergency COVID-19 Reforms (April-July 2020)	Medium Term Social Protection Reforms (July-Nov 2020)
Scaling-up a core set of pre-existing food/cash programs announced through PMGKY for immediate COVID-19 relief	PMGKY will trigger a fundamental shift in the social protection system from scheme-based silos towards a more coordinated approach engaging key line departments and state governments anchored by Ministries of Finance and Home Affairs
By notifying COVID-19 pandemic as a ‘disaster’, the national government enables state governments to access funds from the State Disaster Response Funds (SDRF) to implement and deliver COVID-19 relief	The use of State Disaster Response Funds will trigger the creation of an adaptive and disaster responsive social protection system in India. This will be operationalised through reforms which create a social protection window in the current disaster management system, enabling states to use State Disaster Response Funds/National Disaster Response Funds to deliver context-specific packages of social assistance for COVID-19 and future disasters. At present, rules/financing formulae/ processes for disaster management focus on physical infrastructure without any provisions for social protection. Such an approach will allow states to provide support to any excluded groups and provide income-support in hot-spot clusters/districts where lockdowns will be prolonged.

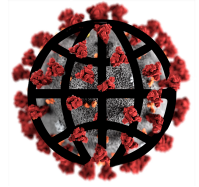
¹¹ Page 10;
<http://documents1.worldbank.org/curated/en/685311589767271707/pdf/India-Accelerating-Indias-COVID-19-Social-Protection-Response-Program.pdf>



<p>Provide access to portable food and in-kind benefits to migrant workers through state machinery and State Disaster Response Funds</p>	<p>COVID-19 response for migrants can try codified policy framework defining how national government and states finance and coordinate a basic package of benefits (food and social insurance) for migrants across state boundaries. This will remedy current programme architecture where only state residents receive benefits from programs.</p>
<p>Door-step delivery of information/cash/in-kind relief by states leveraging post offices, fair price shops and community-based machinery</p>	<p>Build state level government capacities to implement digitised payments which can leverage community-based organisations and front-line workers to improve last-mile delivery of cash in areas with weak financial access.</p>
<p>Quasi-income support measures through welfare funds and Employees' Provident Fund Organization to provide informal workers COVID-19 relief</p>	<p>At present, India has a large share of cash transfer programmes operating at scale in rural India. Within the year, through the proposed Jansuraksha Mission, India will rebalance the mix of cash and social insurance scheme support provided to citizens by (i) Campaign to expand coverage to informal workers by leveraging linkages between Aadhaar, PDS and PMJDY (ii) Triggering a strong co- contributory urban safety nets platform to complement robust rural income-support programs like PM-KSN.</p>

This USD 750 million (Rs 5529 cr approx.) WB loan supports some of the measures announced in the financial package by the Government of India like three months ration, Direct Beneficiary Transfer, one nation-one card etc.

A look at the *COVID-19 Social Protection Interventions and Reforms from April to July, will tell a very different story. In august in a meeting with the Prime Minister Modi*, the chief ministers of 10 states (Maharashtra, Andhra Pradesh, Bihar, Gujarat, Uttar Pradesh, Telangana, Punjab, Tamil Nadu, West Bengal and Deputy Chief Minister of Karnataka) categorically stated that the 35 percent cap on state disaster relief funds to fight Covid-19, was no longer enough and needed to be lifted. The cap was introduced in July through an order of the



Ministry of Home Affairs.¹² Instead, the centralisation of power by the Union Government during the pandemic has been rapid. The lockdown was imposed by invoking the Disaster Management Act 2005, which allowed the central government and the National Disaster Management Authority to over-ride any other law in force and issue directions to any authority in India, and requires that all such directions must be followed.¹³

The failures of the government have been of scale. From Door-step delivery of information/cash/in-kind relief by states to the provision of access to portable food and in-kind benefits, nothing has worked. In an article, ‘A critique of the Indian government’s response to the COVID-19 pandemic’, economist Jayati Ghosh states, “The inexplicable delay in distributing food grain from the public distribution system to the hungry caused particular harm. Before the lockdown, the central government (through the Food Corporation of India or FCI) held around 77 million tonnes of foodgrain, more than three times the buffer stock requirement. There was a minimal free distribution of additional foodgrain to those covered by the National Food Security Act. Still, even a month later only 2.2 million tonnes of this had been distributed to states.”¹⁴

There are multiple concerns with these schemes and the reforms proposed. There is a serious debate in the country about the linkage of social protection with Aadhar. One nation-one Aadhar has come under criticism as the country negotiates a huge digital divide made even starker by COVID-19 as schoolchildren have committed suicide for lack of access to smartphones to continue their studies.¹⁵ Also, data collection for the program in the absence of protection laws poses its challenges, especially in an increasing police state.¹⁶ This has raised crucial concerns relating to the protection and privacy of the personal data collected and the purpose for which it would be used

¹² https://www.business-standard.com/article/current-affairs/state-cms-ask-modi-to-review-35-cap-on-disaster-management-fund-for-covid-120081101104_1.html

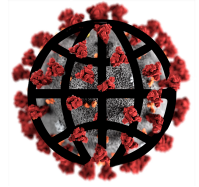
¹³ Centralisation without co-ordination;

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7351648/>

¹⁴ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7351648/>

¹⁵ <https://www.ndtv.com/india-news/coronavirus-kerala-girl-cant-attend-online-classes-amid-lockdown-commits-suicide-2239318>

¹⁶ https://www.huffingtonpost.in/entry/modi-govt-tracking-database-police-state-fears_in_5e70cb5ec5b6eab7793ca8f5



after the pandemic is over. A data protection law is still in the works, as the 2018 bill has not yet been enacted.¹⁷

The other supported project is India **COVID-19 Emergency Response and Health Systems Preparedness**¹⁸ project. India spends only 1.4% of its gross domestic product¹⁹ (GDP) on healthcare, which is less than South Asian neighbours like Nepal and Sri Lanka. Groups in India have demanded increasing public health expenditure to 3.5 per cent of the GDP in the short-term and 5% of GDP in the medium term.

Jan Swasthya Abhiyan - a platform of networks and organisations fighting for people's right to health and universal access to healthcare has demanded that Ayushman Bharat health insurance scheme, based on the discredited 'insurance model',²⁰ be abandoned.

According to WB documents, Emergency Response and Health Systems Preparedness project was selected for COVID-19 financing due to the urgent need for a nationwide emergency response to the outbreak, and longer-term system strengthening imperatives. The WB has given USD 1 billion (Rs 7375.8 cr approx.) for the project which will look into immediate support for public health systems and also focus on integrating these systems with private entities like health insurance companies, so these too are part of government schemes.

The project components include

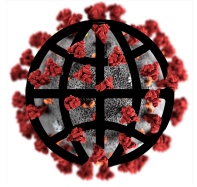
- emergency COVID-19 Response,
- strengthening national and state health systems to support prevention and preparedness
- Strengthening pandemic research and multi-sector, national institutions and platforms
- Community engagement and risk communication

¹⁷ <https://www.prindia.org/billtrack/draft-personal-data-protection-bill-2018>

¹⁸ <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/466861585949433867/india-COVID-19-emergency-response-and-health-systems-preparedness-project>

¹⁹ <http://archive.indiaspend.com/cover-story/centre-on-course-to-meet-2025-goal-of-spending-2-5-of-gdp-on-public-health-44272>

²⁰ <https://www.newsclick.in/jsa-releases-manifesto-peoples-health-towards-2019-elections>



- Implementation management, capacity building, monitoring and evaluation
- Contingent Emergency Response Component (CERC)

The project will be managed by three entities within the Ministry of Health and Family Welfare namely: the National Health Mission (NHM), the National Center for Disease Control (NCDC) and the Indian Council of Medical Research (ICMR). In addition, private sector engagement will be done through states and central agencies, so that capacity for laboratory and intensive care services for COVID-19 is augmented as necessary.

The third project funded as COVID-19 response in India by the WB is the **Micro, Small, Medium and Enterprises Emergency Response**.²¹ It is a Development Policy Financing to support the Government of India in preserving flows of finance to MSME through the COVID-19 crisis. WB has given USD 750 million (Rs 5531 cr approx.) for this development financing.

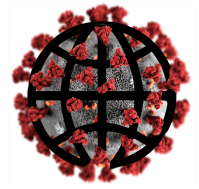
This project has three pillars:

- Channelling financing flows to MSMEs;
- Supporting Non-Bank Financial Companies (NBFCs); and
- Incentivising and mainstreaming the use of fintech and digital financial services (DFS) in MSME lending and payments.

This development policy operation will leverage private intermediaries in the financial sector with the objective to privatise the public sector financial system. This seems in tune with the recent statement of the union government that it is considering designating banking as a strategic sector under the new privatisation policy announced under the ‘Atmanirbhar Bharat’ package.²² The new privatisation policy envisages that in each strategic sector, no more than four state-owned companies will exist. This policy financing is one part of a set of interventions to support MSMEs in India, to be delivered by WB and the International

²¹ <https://www.worldbank.org/en/news/press-release/2020/06/30/world-bank-approves-750-million-emergency-response-program-for-micro-small-and-medium-enterprises-in-india>

²² <https://www.thehindubusinessline.com/opinion/columns/privatisation-is-not-a-panacea-for-psbs/article31797549.ece>



Finance Corporation (IFC). The WB is bringing in regulatory reforms, and IFC is looking into the MSME portfolio and a network of over 70 financial institutions they are already working with. These interventions are expected to address structural reforms by crowding in private sector financing in the medium term.

International Finance Corporation (IFC)

IFC is providing funds to the tune of USD 8 billion (Rs 59006.8cr approx..) to support private companies and their employees hurt by the economic downturn caused by the lockdown.²³ The bulk of IFC financing will go to existing client financial institutions to enable them to continue to offer trade financing, working-capital support and medium-term financing to private companies that are struggling with disruptions in supply chains.

IFC's response will also support existing clients in economic sectors directly affected by the pandemic - such as tourism and manufacturing. The package will support sectors involved in responding to the pandemic, including healthcare and related industries, which face increased demand for services, medical equipment and pharmaceuticals.

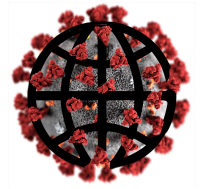
The IFC response has four components:

- Real Sector Crisis Response Facility
- Global Trade Finance programme
- Working Capital Solutions programme
- A new component initiated at the request of clients

In India, IFC has till now provided a loan of USD 34.40 million (Rs 253.6 cr approx.) under Real Sector Crisis Response Facility to JK Paper Limited under Real Sector Crisis Response Facility.²⁴ Real Sector Crisis Response Facility supports existing clients in the infrastructure, manufacturing, agriculture and services industries vulnerable to the pandemic. Under this facility, IFC will offer loans to companies and also make equity investments in some cases. This IFC investment will fund the incremental working capital which has arisen

²³ <https://ifcextapps.ifc.org/ifcext/pressroom/ifcpressroom.nsf/0/CCCB1EAC6F61E32C8525852E0068124B?OpenDocument>

²⁴ <https://disclosures.ifc.org/#/projectDetail/SII/43078>



due to the impact of COVID-19; and any potential shortfall in cash flow generation for planned and future capital expenditures. In 2018, IFC had disbursed USD 44.7 million (Rs 327 cr approx.) in the form of an INR denominated loan²⁵ to JK Paper Limited to refinance its existing debt.

Asian Development Bank

Asian Development Bank has funded USD 1.5 billion (Rs 11059 cr approx.) COVID-19 Active Response and Expenditure Support Programme (CARES) project which will support the government in mitigating the health, social, and economic impact of COVID-19.

The programme targets social assistance provisioning and protection over three months to families below the poverty line, farmers, health care workers, women, women's self-help groups, widows, senior citizens, people with disabilities, low wage earners, and construction workers.

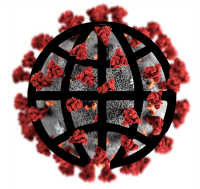
Beneficiaries will be reached through established channels under the Pradhan Mantri Garib Kalyan Yojana (PMGKY), or the Prime Minister's Welfare Scheme for the Poor. It may be pertinent to note that this scheme was first introduced as an income declaration scheme for those who wished to pay the penalty and declare unaccounted wealth so that they could avoid prosecution.²⁶

ADB, with its operation in the health sector, has altered and influenced policy for some time now. This emergency operation is built on previous and ongoing health sector operations and policy dialogues. Since the first health sector operation in India in 2013 through the support of the National Urban Health Mission (NUHM), ADB's health sector engagement has been increasing.

Following the launch of Ayushman Bharat in 2018 and implementation of NUHM under the National Health Mission, ADB

²⁵ INR denominated loan means the currency fluctuation risk is borne by the offshore lender

²⁶ <https://economictimes.indiatimes.com/news/economy/policy/government-announces-new-income-declaration-scheme-pm-garib-kalyan-yojana-stringent-penalties-prescribed/articleshow/56020146.cms>



is now developing a programme to support the delivery of comprehensive primary health care in urban areas (2020 pipeline).²⁷

Apart, from this ADB is financing technical assistance (TA) programme, which is also co-finances with Republic of Korea e-Asia and Knowledge Partnership Fund with the avowed aim of strengthening universal health coverage and supporting the implementation of the Pradhan Mantri Jan Arogya Yojana (PMJAY).²⁸

The TA aims under PMJAY to redefine India's healthcare system through digital solutions and financing including experiences in health system reforms of countries such as the Republic of Korea and strengthening the capacity for developing and managing an integrated, efficient, and modern healthcare system capable of handling pandemics and securing better and more equitable access.

The TA aims to help bridge gaps in the implementation of PMJAY. The TA will also develop a framework and strategies to strengthen the private sector response to COVID-19 pandemic. The TA team is expected to take a 'multi-sector approach' to progress toward universal healthcare.

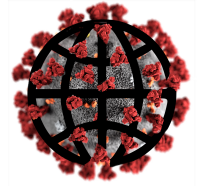
The TA will:

- Assess information technology gaps and develop digital systems to enable effective and operationally efficient health care administration including claims management, fraud detection, and purchasing);
- (Propose ways for purchasing digital solutions;
- Develop legal guidelines; and
- Recommend policy and regulatory adjustments to enable the proposed digital solutions. The TA will also provide training to staff and officials (including women) at the NHA and national health entities to enhance their capacity for using and managing digital solutions.”²⁹

²⁷ <https://www.adb.org/news/300-million-loan-signed-support-india-s-national-urban-health-program>

²⁸ <https://www.adb.org/projects/54009-001/main#project-pds>

²⁹ Page 3, Para 12 <https://www.adb.org/sites/default/files/project-documents/54201/54201-001-tar-en.pdf>



For the implementation of this TA, ADB will be the administrator. It will supervise and communicate with consultants and stakeholders. The National Health Authority will be the executing agency and be accountable for the outputs. ADB will engage 14 national and international consultants for the implementation of activities under TA.

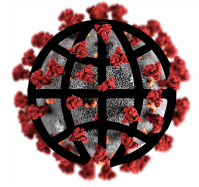
The focus on digital solutions, control on data and reforms in healthcare are all part of the agenda of this program. There is little understanding of the exclusionary nature of digital solutions, the inability of vast numbers of people to access solutions provided digitally. Universal health coverage through insurance is impossible if functional hospitals do not exist in rural pockets of the country. The limits to insurance as a mode of ensuring universal healthcare are not acknowledged. Considering the experiences of countries that are vastly different demographically, socially and economically may not be an excellent way to plan health system reform in India; it could, quite the contrary, prove disastrous.

Asia Infrastructure Investment Bank (AIIB)

Asia Infrastructure Investment Bank has invested USD 1.25 billion (Rs 9215.8 cr approx.) in COVID-19 response. They have funded two projects; both co-financed COVID-19 Active Response and Expenditure Support (CARES) with ADB and COVID-19 Emergency Response and Health Systems Preparedness Project with the WB.

As in the past, AIIB is riding the back of lead financiers, exhibiting its commitment to fight COVID-19 without directly being held accountable. AIIB has agreed to use WB's Environmental and Social Framework for COVID-19 Emergency Response and Health Systems Preparedness Project on the grounds of being only a co-financier. AIIB will rely on the WB's corporate Grievance Redress Service, and its independent accountability mechanism, the Inspection Panel, to handle complaints relating to the project. AIIB's own independent accountability mechanism, Project-affected People's Mechanism (PPM), will not be applicable in both the cases.

The situation is similar to other ADB co-funded COVID-19 Active Response and Expenditure Support (CARES), where ADB's



Safeguard Policy statement will be applicable, and their accountability mechanism Compliance Review panel will be responsible for handling any complaints and AIIB's role will remain limited to funding.

This is a typical feature of AIIB, and it is not limited to the COVID-19 funds. The co-financing model serves AIIB well, particularly if other institutions, such as the WB and Asian Development Bank, do not charge the AIIB the costs they incur for due diligence and oversight. With low-cost co-financing fees, the AIIB can make significant profits since its loan charges can easily cover its low administrative expenses.

The other institutions, with their full suite of safeguard policies, also protect the AIIB from reputational risks associated with financing projects. The policies, procedures and due diligence applicable are the responsibility of the lead financier, and there is little clarity on the role and liability of AIIB.

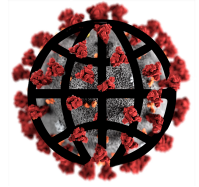
New Development Bank (NDB)

NDB has provided USD 1 billion (Rs 7373.7 cr approx.) loan to India for Emergency Assistance Programme in Combating COVID-19³⁰ programme. This programme will enable recovery of economic and social activity through procurement and deployment of critical healthcare goods and services. The programme will also provide financial resources to support the Government of India in strengthening its social safety net. The scope of financing includes healthcare sector emergency response and strengthening the social safety net for expenditures already incurred since 1 January 2020.

Total lending

The total lending of USD 6.5 billion (Rs 47922.5 cr approx.) is not giant for a Rs 3 trillion economy whose annual budget is over Rs 25 lakh crore. The pressure that India will come under on account of the loans, however and the loss of Parliamentary scrutiny over the manner in which policy is being changed could have enormous and long-lasting ramifications, changing the very mosaic of this country.

³⁰ <https://www.ndb.int/wp-content/uploads/2020/05/Summary-Disclosure-Emergency-Assistance-Program-India-.pdf>



The influence these lenders exert is disproportionate to the size of the loans.

The WB and other MDBs are increasingly taking up all the roles of assessment, planning, financing projects and financing through development policy loans. The WB's terminology and its use of terms like 'resilience', 'sustainability' and 'post-disaster recovery' need to be demystified. With the increase in natural disasters in this decade and with climate change realities, disaster capitalism has become a reality. In times of disaster, it is easier to push policy reforms that would face resistance at any other time. With economies globally in shambles and need of additional support, this situation should not allow MDBs like the WB to push their agenda.

What do the COVID-19 funds mean for India?

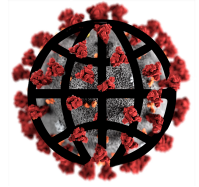
- **Disaster funding: Easy route to policy reform**

Over the years, institutions like the WB and other MDBs have started using post-disaster situations and climate change as an opportunity to push policy reform. Post-disaster rehabilitation and recovery programmes provide these MDBs with an easy entry, and the preoccupation with the disaster means there is little resistance.

Terms like 'resilience' and 'sustainability' are built into the narrative. Institutions like the WB take on the roles of assessment, planning, and financing projects through development policy loans and monitoring local activity after the disaster. There is a classic centralisation of powers in this process.

In an article on 'The Rise of Disaster Capitalism' in *The Nation* Naomi Klein points out, 'After a cataclysmic event, governments will usually do whatever it takes to get aid dollars – even if it means racking up huge debts and agreeing to sweeping policy reforms. And with the local population struggling to find shelter and food, political organising against privatisation can seem like an unimaginable luxury'.³¹ But shattered countries are attractive to the WB for another reason: They take orders well.

³¹ <https://www.thenation.com/article/archive/rise-disaster-capitalism/>



In recent years, India has witnessed an increase in climate disasters. The WB has used every opportunity to bring in post recovery and rehabilitation projects, which come along with policy reform.

Since 2013, India has witnessed some major disasters. The responsiveness of the Bank to these disasters has been an opportunity for implementing economic and governance reforms under the garb of creating greater disaster preparedness and building resilient infrastructure.

The Uttarakhand floods, Cyclone Phailin, Cyclone Hudhud, flooding in Srinagar and the larger valley region, the Kerala floods are some disasters for which the WB has supported the Government of India in conducting rapid post-disaster damage and needs assessments.

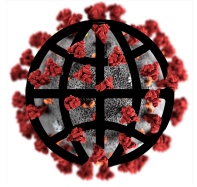
The assessments provided clear guidance on the post-disaster recovery path. Subsequently, emergency projects were prepared and are currently under implementation. These projects focus on recovery and reconstruction as well as strengthening long-term resilience and emergency response capacity at the state level.³²

In 2018 and 2019, Kerala saw floods and landslides paralyse almost the entire state. Nearly 50 have died even this year in the landslide in Idukki district. These disasters have had a huge negative impact on the biodiversity of Kerala and the already fragile environment.

In 2018, a prolonged southwest monsoon over the state of Kerala resulted in one of the worst floods in 100 years, causing estimated losses of USD 4.25 billion (Rs 31350.9 cr approx.). This post-disaster situation allowed the WB to finance programmes focused on disaster management; with ‘rehabilitation’, ‘post-disaster recovery’ and ‘building resilience’ used as hook words. The WB found an easy entry point for development policy loans and other financing, which comes tied to policy reforms.

In October 2018 the WB extended support of up to USD 500 million (Rs 3688 cr approx.) to the Government of Kerala’s comprehensive flood recovery efforts, and for building greater resilience to future

³² <https://www.gfdrr.org/sites/default/files/publication/world-bank-india-disaster-risk-management-program-2016.pdf>



shock.³³ In June 2019 the WB board approved the First Resilient Kerala Programme Development Policy Operation as a Development Policy Financing of USD 150 million (Rs 1106.5 cr approx.).³⁴ The proposed operation supports the Government of Kerala (GoK's) resilient recovery from August 2018 floods. The proposed programmatic operation, the first in a series of two Development Policy Loans (DPLs), will support policy and institutional reforms recovery, mainstreaming long-term resilience to disaster risks and climate change into sectors of crucial importance.

The attempt to “mainstream disaster risk reduction” and build climate resilience means an intervention that affects infrastructure development and service delivery. Water supply, sanitation, solid waste management, transport, and agriculture are all thus impacted, and the WB's long-standing agenda of privatisation is actualised through these reforms.

Through disaster lending, WB has pushed massive reform and privatisation in tourism and infrastructure development, without properly considering the genuine requirements of the economy or the will of the people. The COVID-19 context of the WB's recent lending is in continuation with this ongoing disaster funding.

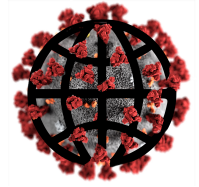
▪ **India's rising fiscal deficit and external debt**

The COVID-19 pandemic and the ensuing lock down has created an economic slowdown where the country's GDP growth plunged to 23.9% in the first quarter of 2021. This is the worst growth performance since the country started reporting quarterly GDP in 1996.³⁵

³³ <https://www.worldbank.org/en/news/press-release/2018/10/16/world-bank-commits-support-to-rebuild-a-more-resilient-kerala>

³⁴ <http://documents.worldbank.org/curated/en/428421551979689773/pdf/Concept-Program-Information-Documents-PID-Resilient-Kerala-Program-P169907.pdf>

³⁵ https://www.sbi.co.in/documents/13958/3312806/010920-Ecowrap_20200901.pdf/cf085ebb-ab33-f42a-23e9-25fbb69e6f09?t=1598937075548



This has resulted in a steep decline in tax revenues which declined by 29.7%. The major taxes such as income tax declined by 28.9%, corporate tax fell by 41.8%, customs duty declined by 47.9%, and CGST fell by 40.2%. Total revenue receipts declined 38.6 per cent to Rs 3,70,642 crore from Rs 6,03,201 crore.³⁶ According to data released by the Controller General of Accounts, fiscal deficit during April-August stood at 109.3 per cent of the annual target. This was 57% higher than the corresponding period last year.

The need for augment health expenditure and dip in tax collection has led the government to rely on external funding. This has led to government relying more on external funding from multilateral and bilateral agencies. According to Controller General of Accounts, India borrowed a record Rs 39,165 crores from multilateral agencies to meet the pandemic related expenses.³⁷ According to a report by Care Ratings, the external financing of the government jumped nearly five times over the previous year's figures during the first five months of this year. The external financing of government debt is 867% of the budget estimate for the full year.³⁸

India's external borrowing till June 2020, according to Reserve Bank of India is USD 554.5 billion (Rs 4065004.94 cr approx.) which is more than what we borrowed in for an entire year in 2019. The external debt to GDP ratio also increased to 21.8 per cent at end-June 2020 from 20.6 per cent at end-March 2020.³⁹

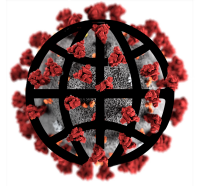
Many economists, including the former Prime Minister Dr Manmohan Singh, who is credited with India's liberalisation recommends to increase borrowing from multilateral agencies. These loans are not without strings. Currently, we have this resurgence of multilateral lending, which is happening, and they are coming without strings. The development policy loans which are meant for budgetary

³⁶ https://www.financialexpress.com/economy/at-rs-40072-crore-govts-external-financing-jumps-5-times-till-august/2095402/lite/?__twitter_impression=true&s=09

³⁷ <https://www.livemint.com/news/india/government-borrows-record-amount-from-external-sources-to-fund-mounting-expenses-11599634118007.html>

³⁸ https://www.business-standard.com/article/economy-policy/at-rs-40-072-cr-govt-s-external-financing-jumps-5-times-till-aug-report-120093001755_1.html

³⁹ <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR4148DE7359B3A024E11B6F2A99A51944F27.PDF>



support come with explicit conditions on ‘reforms. The corona period, which is a period similar to a health emergency and with restrictions on public mobilisation creates a situation in which ‘reforms’ are easier to push even without larger consultation, consensus. The spike in such reforms whether it is on electricity reforms, agriculture reforms, labour reforms or dilutions in environmental norms is an implementation of the unfinished business of earlier reforms which was either kept at bay due to fear of protest or actual protest in the streets.

- **The underlying agenda of the WB: policy reforms**

It is by now clear international financial institutions (IFIs) exert influence over domestic policy far beyond the money they lend or offer as grants. They influence policies, dictate terms to borrowers and hold power to change the economy.

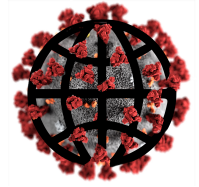
‘Development policy loans’ is just a new phrase that stands in for what used to be called structural adjustment in the 1990s.

The loan is not for the project, and the result is based on prior actions and triggers. Structural and policy shifts that the WB expects evolve over several years, and have now become more easily possible as a result of the COVID-19 crisis. There is even a phrase for this – “policy opening”. It means policy reforms dictated by WB must be adopted for “effectiveness and strengthening” of sectors they are funding.

Sub-national funding as a means to desired reform

WB has more recently deepened its involvement in policy changes through partnerships directly with the states. Earlier, the alignment was with the Centre for structural adjustment programmes. This is also because, in India, many of the sectors, including health, education, infrastructure and water supply, are all state subjects. To bring desired reform in these areas, WB needs to influence states and municipalities and alter their statutes and laws.

Such influence in the state is done with the creation of champions within the bureaucracy, an idea earlier tested at the national level by recruiting from among bureaucrats in a “revolving door” policy. For



COVID-19 support loans, the Bank will work closely with state governments. Benefits will be extended through state governments and portable social protection delivery systems.

Funding at the sub-national level began with the 1995 Country Assistance Strategy (CAS) of the WB which was meant to address the unfinished agenda of the economic reforms of 1991. It was ostensibly aimed at improving the financial performance of states which have a vital role in the provision of public infrastructure and social services.

This was taken forward by the CAS of 1997 with a focus on states whose aim was to “promote fiscal, pricing and regulatory reforms that put the state’s public finances on a sustainable course, and **establish a more friendly environment for private investment**”.

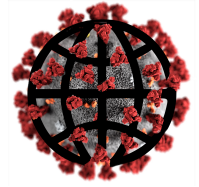
The CAS of 2001 highlights the increased importance of states. The WB was able to influence states who undertook fiscal, sectoral and governance reforms, including Andhra Pradesh, Karnataka, Uttar Pradesh, Gujarat, Madhya Pradesh and Rajasthan. Odisha had restructured and privatised its power sector.

The present Country Partnership Framework (CPF) (the new name of Country Assistance Strategy) of the WB identifies state partnerships as critical engagement. CPF of 2018 has adopted state-specific development priorities which focus on programmatic approaches rather than individual operations.

The strategy calls for the development of state partnerships which will serve as “*laboratories for effective implementation of the WB objectives and themes.*” This is aimed at testing approaches that can be replicated in other states in India.

▪ **Bending national policies to accommodate the loans**

The WB loans have come with a cost. One of the recent developments has been a change in the preferential market access policies. For the Health Systems for Preparedness Project of the WB, comes with the condition of “universal eligibility” in procurements, which effectively means Public Procurement (Preference to Make in India) Order, Micro Small & Medium Enterprises (MSME) Policy,



certain benefits to start-ups, shall not be applicable on purchases made while implementing the project.⁴⁰

For the government that has been going on about building “Atmanirbhar Bharat” to combat the economic downside of COVID-19, agreement to this conditionality is rather disingenuous.

The Ministry of Railways, in a note to all Zonal Railways, production units and other major establishments, said the tender documents should be amended to remove such references and ensure that contractors explicitly agreed to comply with the relevant provisions of the World Bank’s anti-corruption guidelines and prohibited policies of the AIIB, which is a co-financier for this project.

The Railway Ministry is one of the implementing agencies of the Health Systems Preparedness project. The focus is on creating more isolation facilities with medical equipment such as ventilators, oxygen cylinders etc.

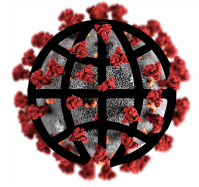
▪ **Lessons from WB funding in India’s neighbourhood**

In Nepal, after the 2015 earthquake, WB financed up to USD half-a-billion (Rs 3688 cr approx.) to finance the reconstruction of Nepal. This included housing reconstruction, additional financing for such reconstruction, budget support, laying roads and some funds for healthcare etc. The Government of Nepal, with support from the Global Facility for Disaster Reduction and Recovery (GFDRR) prepared a Post Disaster Recovery Framework (PDRF). GFDRR is a grant-funding mechanism, managed by the WB, and operational worldwide.

After the 26 December 2004 tsunami, Indonesia, India, Sri Lanka, Maldives, Somalia and Seychelles were among the worst-hit countries.⁴¹ All these countries received massive investments for reconstruction and recovery, linked with building public services and

⁴⁰ <https://www.thehindu.com/news/national/no-preference-for-make-in-india-in-world-bank-project-to-curb-covid/article32655167.ece>

⁴¹ <http://documents.worldbank.org/curated/en/194061468258308532/pdf/321540tsunamireport102020501public1.pdf>



institutional capabilities. Local governance systems in these countries were affected by these loans. In Indonesia, mainly, the MDBs, including WB and ADB, was quick in responding to reconstruction needs with soft loans. With project loans worth USD 1.1 billion (Rs 8112 cr approx.) and the policy reform support loan, the WB pushed for privatisation and new regulations that would support economic liberalisation. It was after this that Indonesia enacted new laws on oil, gas and electricity allowing for the privatisation of state enterprises.⁴²

More recently, after the Sulawesi earthquake and tsunami in 2018, WB announced USD 1 billion (Rs 7372 cr approx.) support to supplement relief and reconstruction work and bolster long-term resilience. The proposed USD 1 billion packages included a new stand-alone emergency recovery programme to finance the rebuilding of critical public facilities and infrastructure assets, including hospitals, schools, bridges, roads, highways and water supply infrastructure. The Indonesia Geothermal Resource Risk Mitigation Project,⁴³ Central Sulawesi Rehabilitation and Reconstruction Project, Indonesia Disaster Resilience Initiatives Project⁴⁴ are some of the projects that were sanctioned in the aftermath of the disaster.

▪ Pushing the interests of private players

The WB is also the co-convener of the ‘The global Pandemic Supply Chain Network’ (PSCN) which has identified a list of medical products critical to the COVID-19 response. WB is working closely with the WHO to support the Government of India to plan and procure medical supplies and equipment to effectively respond to the pandemic.⁴⁵

The PSCN’s role is to create and manage a market network allowing for WHO and private sector partners to access any supply chain functionality and asset from end-to-end anywhere in the world at any

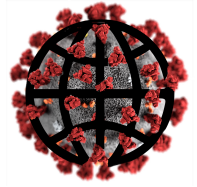
⁴² <https://www.brettonwoodsproject.org/2005/01/art-108058/>

⁴³ <https://www.worldbank.org/en/news/press-release/2018/10/14/world-bank-announces-assistance-for-indonesia-natural-disaster-recovery-and-preparedness>

⁴⁴ <https://projects.worldbank.org/en/projects-operations/project-detail/P166071>

⁴⁵ Para 22, Page 12

<http://documents1.worldbank.org/curated/en/466861585949433867/pdf/India-COVID-19-Emergency-Response-and-Health-Systems-Preparedness-Project.pdf>



scale.⁴⁶ The WB, as co-convenor of this network, is in a position to influence the decisions of governments, considering it is already financing health support emergency projects across the globe.

In India, one of the components of the COVID-19 Emergency Response and Health Systems Preparedness Project is to support Government of India to improve capacity to manage COVID-19 cases by scaling up procurement of personal protective equipment (PPE), oxygen delivery systems, and medicines, and retaining skilled health workers through extra payments (such as hazard pay and death benefits in line with Government of India norms for compensation). With WB's influence and its role in various forums, it's difficult to ignore the influence it could have on serious issues like procurement of medical supplies.

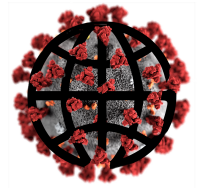
▪ Use of data

The WB is using this pandemic to gather data as part of health systems management. This includes a collection of personal data and data that may not feature in national law and governance. It is noteworthy that the next World Development Report, 2021⁴⁷ is focused on “Data for Better Lives”. The World Development Reports fulfils the knowledge function of the WB, and it is clear they see data as an essential area which cannot be ignored and will be essential to put hands in to remain relevant.

That new data could be generated and exploited is evident the WB supported COVID-19 Loans. The Accelerating India's COVID-19 Social Protection Response Program supported by the WB states in its policy document: “The portion of the program supported under the first Development Policy Operation (DPO) of the series will not require the collection on new data but will exclusively rely on existing data collected by the various existing social protection programs involved. However, for the second DPO in the series, large volumes of personal data, personally identifiable information and sensitive data are likely to be collected, exchanged and used in connection with the management of the COVID-19 outbreak under circumstances where

⁴⁶ <https://www.weforum.org/COVID-19-action-platform/projects/pandemic-supply-chain-network-pscn>

⁴⁷ <https://consultations.worldbank.org/consultation/wdr2021>



measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in national law or data governance regulations, or be routinely collected and managed in the health information system”.⁴⁸

Also, under the India COVID-19 Emergency Response and Health Systems Preparedness Project supported by the WB, the project will **leverage technology including artificial intelligence and big data analytics** to improve the preparedness and response of the Government of India to COVID-19 pandemic through the Ministry of Health and Family Welfare’s disease surveillance platform for implementation management, capacity building, monitoring and evaluation of the project.⁴⁹

▪ **Changes in existing loans**

The WB is supporting Government of India through ongoing health, education and social protection projects at central and state levels. These operations are providing complementary investments to reinforce the health, education, and social protection systems for the pandemic. Government of India has also requested WB to recommit USD 500 million (Rs 3686 cr approx.) in International Development Association (IDA) cancellations to a Development Policy Credit (DPC) to support mitigation of social and economic impacts of the health emergency. This might mean a change in existing loans and repayments.

▪ **Guardians of private, multilateral funds**

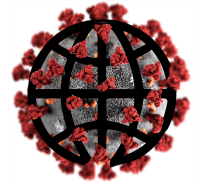
The COVID-19 crisis has triggered a coordinated mobilisation of development partners in support of the Government of India’s response. The WB programme for Social Protection Response includes parallel financing of Euros 200 million (Rs 1732.8 cr approx.) from Agence Francaise de Development (AFD) and Euros 460

⁴⁸ Page 23;

<http://documents1.worldbank.org/curated/en/685311589767271707/pdf/India-Accelerating-Indias-COVID-19-Social-Protection-Response-Program.pdf>

⁴⁹ Page17;

<http://documents1.worldbank.org/curated/en/466861585949433867/pdf/India-COVID-19-Emergency-Response-and-Health-Systems-Preparedness-Project.pdf>



million (Rs 3985.5 cr approx.) from the German Kreditanstalt Fur Wiederaufbau (KfW). This is in addition to USD 1 billion (Rs 7376.6cr approx.) parallel financing from the Asian Development Bank (ADB) to the social protection response of Government of India. The Japanese International Cooperation Agency (JICA) and the New Development Bank (NDB) are also exploring potential parallel financing.

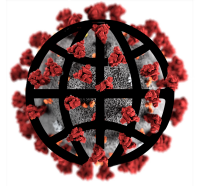
It may be pertinent to mention here that in 2016, after years of a stagnant economy, the Bank of Japan imposed a negative interest rate on accounts it held for commercial banks and began to charge them for looking after their cash. This move is also meant to boost investment and lending.

The development policy loan requires the offer of Technical Assistance (TA) to central and state governments. The WB is also in discussion with the Bill and Melinda Gates Foundation for additional funds for TA. *The Nation* has described how the USD 50 billion charitable enterprises of this foundation is more than mere charity.⁵⁰ This is mainly in sync with the WB's approach "maximising finance for development." Under headings such as Billions to Trillions and now Maximizing Finance for Development (MFD) agenda, for achieving the Sustainable Development Goals, blended finance and public private partnerships (PPPs) are being used as main instruments for leveraging without offering evidence that either can and will deliver development projects much better than traditional public procurement.⁵¹

The WB Group is planning to establish a new Health Emergency Preparedness and Response Multi-Donor Fund. This new fund's purpose is to respond to immediate health consequences of the pandemic and bolster economic recovery for countries. Japan has already expressed its intention to become the founding donor of the new Health Emergency Preparedness and Response Multi-Donor Fund, which is now open for contributions from all donor countries.

⁵⁰ <https://www.thenation.com/article/society/bill-gates-foundation-philanthropy/>

⁵¹ <http://www.ipsnews.net/2020/08/world-banks-mobilizing-finance-development-not-financing-development/>



The WB seems to be emerging as a global manager of funds. With climate change funds in the past and now with COVID-19 financing, the broadening role and functions of the WB and its attempts to stay relevant by turning into the guardian of how global funds are channelled are evident. WB strives to be aligned with the interests of global corporates and developed economies, serving their interest in the name of disaster and development financing.

▪ **Eternal vigilance is the price of freedom**

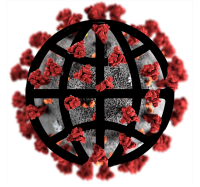
MDBs were some of the first agencies to respond to the COVID-19 crisis. The WB President David Malpass announced in March 2020 that the WB Group would be able to deploy “as much as USD 150 billion (Rs 1105905 cr approx.) over the next 15 months” to help its client countries deal with the health and economic effects of the coronavirus pandemic.⁵²

At the same time, these institutions have been clear on their broader agenda of structural reforms, which they see as the only way for faster economic and social recovery. The funds are approved as fast track, emergency funds with little time for deliberation over policy reforms that accompany them. All the same, this support is not in the form of grants but loans. We still need to pay interest for these loans, and this will contribute to India’s external debt. For the WB loans, Commitment Charge Rate varies from is one-half of one per cent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance to one-quarter of one per cent (1/4 of 1%) per annum. For ADB loans, commitment charges of 0.15% per annum are payable.

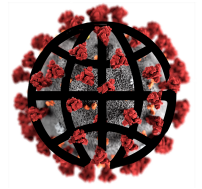
These funds are also being used to consolidate the hold of MDBs on policy making, fundamentally changing national polity and economy. Important policy decisions like universal health coverage, social protection policies, health policy and use and collection of data are being decided in a fast track mode, without public debate or often even without public knowledge.

⁵² <https://www.reuters.com/article/us-health-coronavirus-g20-worldbank/world-bank-could-deploy-150-billion-over-15-months-in-coronavirus-battle-idUSKBN21A2ZX>

This makes it especially important for civil society, movements and activists to be especially vigilant and vigorous in gathering information and disseminating knowledge about the activities of IFIs. Democracy is undermined when public and legislative debates and discussions do not occur about the issues that are vital to our collective life. Networks across the developing world must come together to more closely monitor IFI funding and ensure Parliamentary oversight for activities and projects thus funded.



“Eternal vigilance,” political theorist Harold Laski would say, “is the price of freedom.” And “It is the proud spirit of the citizens, less than the letter of the law that is their most real safeguard.”



Annexures:

Annex 1: Details of accountability mechanisms of each of the institutions:

World Bank

Accountability Mechanism: *Inspection Panel*

Details to file a complaint: <https://www.inspectionpanel.org/how-to-file-complaint>

Email: ipanel@worldbank.org

Asian Development Bank

Accountability Mechanism: *Compliance Review Panel*

Details to file a complaint: <https://www.adb.org/site/accountability-mechanism/how-file-complaint>

Email: crp@adb.org

International Finance Corporation

Accountability Mechanism: *Compliance Advisor Ombudsman*

Details to file a complaint:

<http://www.caoombudsman.org/howwework/filecomplaint/>

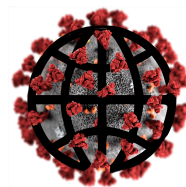
Email: cao@worldbankgroup.org

Asia Infrastructure Investment Bank

Accountability Mechanism: *Project-Affected People's Mechanism*

Details to file a complaint : <https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html>

Email: ppm@aiib.org



Annex 2: Details of funds received by India from Multilateral Development Banks for COVID-19 recovery support

Institution: World Bank

Project Name: India COVID-19 Emergency Response and Health Systems Preparedness Project

Sector: Health sector operations

Funding type: Multiphase Programmatic Approach

Amount (USD): 1 billion (USD 350 million under the Fast Track COVID-19 Facility (FTCF) and USD 650 million from the IBRD)

Approval date: 2 April, 2020

Team leader: Ronald Upenyu Mutasa, Suresh Kunhi Mohammed

Link to the Project:

<http://documents1.worldbank.org/curated/en/466861585949433867/pdf/India-COVID-19-Emergency-Response-and-Health-Systems-Preparedness-Project.pdf>

Institution: World Bank

Project Name: Accelerating India's COVID-19 Social Protection Response Program

Sector: Social Protection

Funding type: Development Policy Loan

Amount (USD): 750 million

Approval date: 14 May, 2020

Team leader: Shrayana Bhattacharya, Ambrish Shahi, Qaiser M. Khan

Link to the Project: <https://projects.worldbank.org/en/projects-operations/project-detail/P173943#abstract>

Institution: IFC

Project Name: RSE COVID JK Paper

Sector:

Funding type: Real Sector Crisis Response Facility

Amount (USD): 34.40 Million

Approval date: June, 2020

Team leader: General IFC Inquiries, IFC Communications

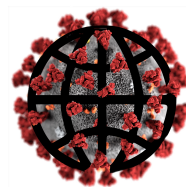
Link to the Project: <https://disclosures.ifc.org/#/projectDetail/SII/43078>

Institution: Asian Development Bank

Project Name: COVID-19 Active Response and Expenditure Support Program (CARES)

Sector: Healthcare, social protection, labour and Public sector management

Funding type: Loan, Technical Assistance



Amount (USD): 1.5 billion (Loan1- USD 500 Million Loan 2-USD 1 billion)

Approval date: April, 2020

Team leader: Mitra, Sabyasachi, South Asian Department

Link to the Project: <https://www.adb.org/projects/54182-001/main#project-pds>

Institution: Asian Development Bank

Project Name: Strengthening Universal Health Coverage in India: Supporting the Implementation of Pradhan Mantri Jan Arogya Yojana

Sector: Health sector development and reform

Funding type: Technical Assistance Special Fund

Amount (USD): 200,000

Approval date: 14 May 2020

Team leader: Jeong, Hoe Yun; South Asian Department

Link to the Project: <https://www.adb.org/projects/54009-001/main#project-pds>

Institution: Asian Development Bank

Project Name: **Regional:** Support to Address Outbreak of COVID-19 and Strengthen Preparedness for Communicable Diseases in South Asia

Sector: Education sector development - Education sector development - social protection initiatives

Health Sector- Disease control of communicable disease - Health system development

Funding type: Technical Assistance Special Fund

Amount (USD): 1.00 million

Approval date: 20 May 2020

Team leader: Shrestha Unika; South Asian Department

Link to the Project: <https://www.adb.org/projects/54201-001/main#project-documents>

Institution: Asia Infrastructure Investment Bank

Project Name: COVID-19 Emergency Response and Health Systems Preparedness Project

Sector: Health sector operations

Funding type: Co-financed Project, lead Financier-World Bank

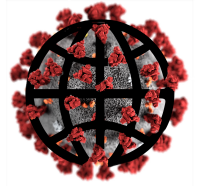
Amount (USD): 500 million

Approval date: 7 May, 2020

Team leader: Hari Bhaskar, Project Team Lead; hari.bhaskar@aiib.org

Link to the Project:

<https://www.aiib.org/en/projects/details/2020/approved/India-COVID-19-Emergency-Response-and-Health-Systems-Preparedness-Project.html>



Institution: Asia Infrastructure Investment Bank

Project Name: COVID-19 Active Response and Expenditure Support (CARES)

Sector: Healthcare, social protection, labour and Public sector management

Funding type: Co-financed Project, lead Financier-Asian Development Bank

Amount (USD): 750 million

Approval date: June, 2020

Team leader: Hari Bhaskar, Project Team Lead; hari.bhaskar@aiib.org

Link to the Project:

<https://www.aiib.org/en/projects/details/2020/approved/India-COVID-19-Active-Response-and-Expenditure-Support.html>

Centre for Financial Accountability (CFA) engages and supports efforts to advance transparency and accountability in financial institutions. We use research, campaigns and trainings to help movements, organisations, activists, students and youth to engage in this fight, and we partake in campaigns that can shift policies and change public discourse on banking and economy.

We monitor the investments of national and international financial institutions, engages on policies that impact the banking sector and economy of the country, demystify the world of finance through workshops and short-term courses and help citizens make banks and government more transparent and accountable, for they use public money.

