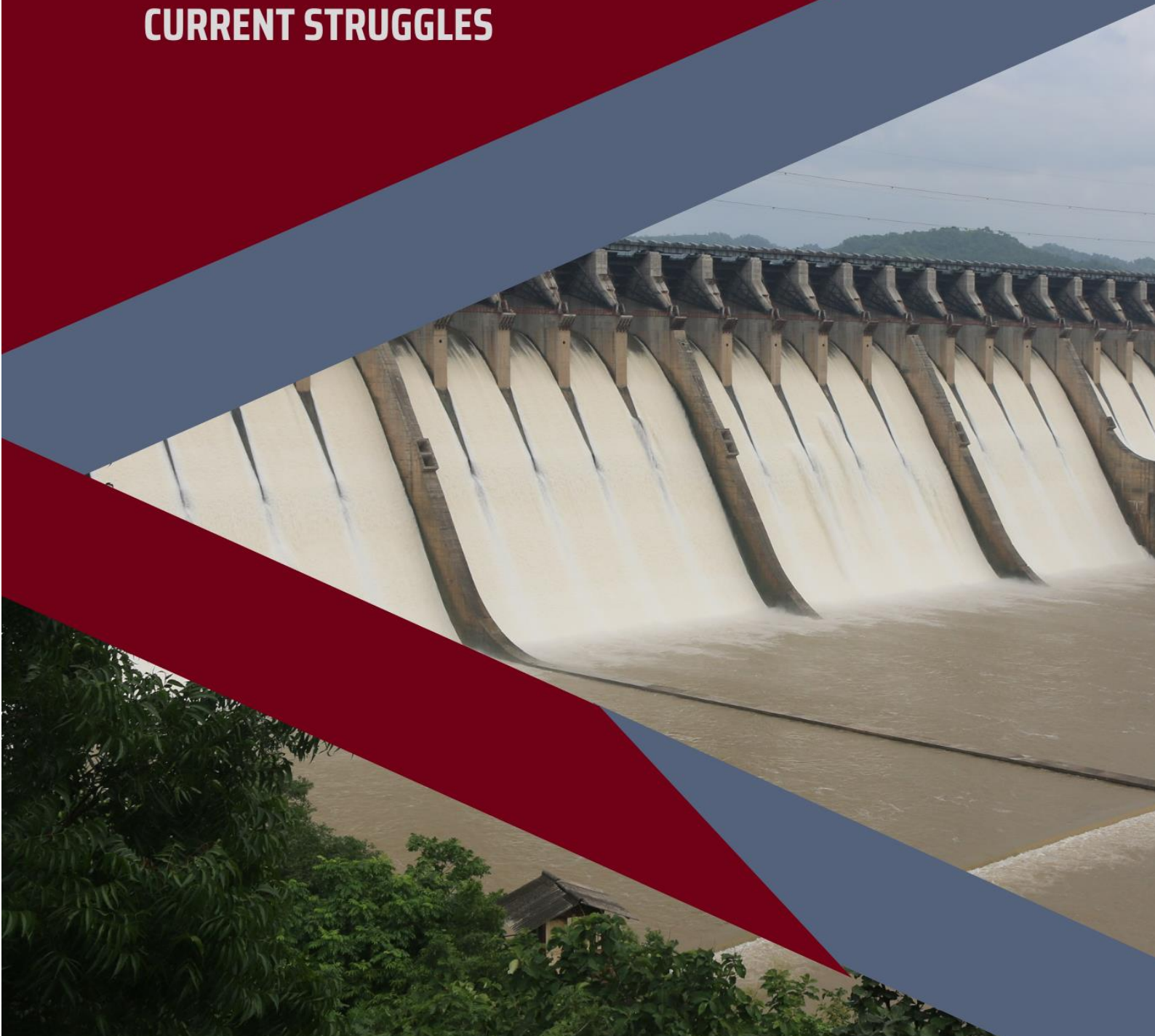


# **WORLD BANK & INTERNATIONAL FINANCE**

**LEGACY, LESSONS AND  
CURRENT STRUGGLES**



**World Without World Bank 2022**



World Without World Bank  
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# World Bank & International Finance: Legacy, Lessons & Current Struggles



World Without World Bank  
Asian Week - India | October 12-16, 2022  
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## World Without World Bank 2022

India International Centre, New Delhi | 21st April 2022

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## **World Without World Bank 2022: Event Report**

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## Event Summary

This year, the World Bank and IMF Spring Meetings took place virtually from the 22nd to the 24th of April, 2022. On a parallel front, continuing from the last few years, the Financial Accountability Network India and Working Group on IFIs (WGoIFIs) organized a day-long event under the banner of World Without World Bank on April 21st 2022 at the India International Centre in New Delhi. This year various civil society organisations, activists, grassroots movements, and trade unions came together to question and challenge Multilateral Development Banks, their influence, policies and investments under the larger theme of World Bank & International Finance: Legacy, Lessons & Current Struggles.

The day-long event consisted of 3 panels and a keynote address (consider checking the annexure) that sought to examine the newer complex ways in which multilateral development banks (MDBs) and other international finance institutions operate and dodge accountability. It was also an opportunity for the participants to look beyond MDBs towards the new funding modalities like private equity funds, sovereign wealth funds, and pension funds, among others, exploring the issues of accountability in the context of these changing realities and of traditional project finance where failures and gaps within accountability systems are more than evident.

## Inaugural Keynote Address

**Medha Patkar**, a Right Livelihood awardee and founding member of the *National Alliance of People's Movements* (NAPM), delivered the keynote address where she reflected on several problems that challenge India's economic and social landscape due to the unregulated inflow of international capital. Questioning the presence of *Athmanirbhar Bharat* (a self-reliant India) of the people and nation, she deems the term to be utopian. National and State governments are seldom in a partnership, such that it is emblematic in every sector of the country, resulting in severe implications on the federal structure of the country. She points out that linking the financial institutions to the marginalized populations is crucial because, ultimately, it is they who will be forced to fight against the colonization of their land and resources. Their strength and support are crucial to challenge the World Bank or the other multilateral banks despite a system that poses barriers to the same.

She noted how the World Bank and other MDBs operate in a large and complicated web consisting of bilateral and multilateral agencies that, along with placing the burden of debt on third-world countries, is also bringing with it a model of development that is growth-oriented alone. This model is far away from Ambedkar, Savitribai Phule and the ideas of similar thinkers, which she suggests is essential to an alternative economic and social paradigm.

Lastly, she calls for a reassessment in order to discern whether we want this flow of capital from international finance or not in the first place. We need to challenge and



decide this in order to build an alliance. Dialogue with these financial authorities, she argues, is absolutely necessary because any kind of engagement is useful with institutions that are largely unaccountable. Questioning and challenging the policies and operations of the World Bank is absolutely imperative because its operations are motivated by profit and not equity. Therefore, she says, “a larger alliance is necessary”.

## Panel I: Legacy of World Bank and MDBs: Looking back at experiences from India

Panel I titled *Legacy of World Bank and MDBs: Looking back at experiences from India* was moderated by Edwin (Human Rights Foundation) and addressed by Gajendra Bhai (Sarpanch of the Navinal Gram Panchayat), Vimal Bhai (Matu Jansangathan), Ram Wangkheirakpam (Indigenous Perspectives), R Shreedhar (Environics Trust) and Anuradha Munshi (Center for Financial Accountability) with brief interventions from Joe Athialy (Centre for Financial Accountability). The panelists



reflected on the various cases that have been the poster examples of the lack of accountability and redressal mechanisms in MDBs.

**Ram Wangkheirakpam** from Manipur reflected on the struggles encountered while engaging with the Trans Asian Highway Project and situated the struggle in a conflict-ridden zone. Two villages in Manipur, Moreh and Tamu are affected gravely by this project as it cuts through their lands, which are currently facing a crisis at the level of

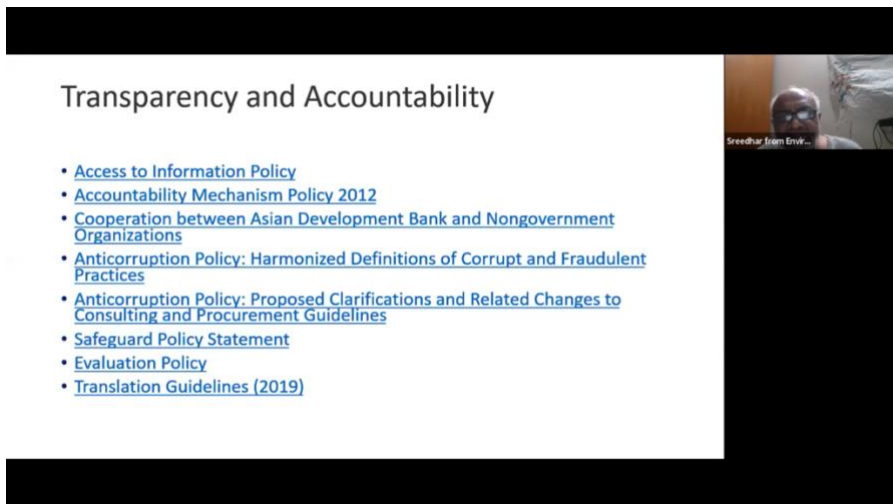


human rights and environmental violation. While narrating stories of protest of the Khoubu people, Ram noted how the people who are most affected by this project were neither consulted nor compensated. On writing to the Asian Development Bank with a request for confidentiality (due to the political fragility of the location), they realized that their anonymity was violated, despite there being a clause in the ADB's policy, and the sub-contractor of

the project started threatening the people who sent the letter. It is also believed that the subcontractor was in contact with an armed group, thereby establishing a nexus between political groups and so-called development authorities, complete disregard for local sensitivities and the reality of development institutions.

Through this, he demonstrated how the international finance network is not merely a third party, innocently supplying capital, but is very much embedded in the local structures, thereby influencing the economic and cultural landscapes. Ram notes how the entire indigenous system itself is destroyed and the role of international finance in serving private interests with the blessing and co-operation of the government. Edwin, the moderator, notes how the elite capture institutions and the language of the local populations. While they maintain transparency among themselves, they do not extend the same to those who are actually affected by the project.

**R. Shreedhar** talked about the ADB and the lack of accountability therein. While on paper, it has a robust problem-solving pyramid and a new safeguard policy that is currently under review, the situation on the ground is quite dire. In analyzing the new safeguard policy, he notes that the ADB's commissioned studies, even though looking comprehensive, only strive to conduct a "brief analytical study" on issues, thereby not wanting to do a full analysis of the situation. While this complex web of policies may seem to indicate progress, the situation is more often than not worse than when the project started. Moreover, he also commented on how it took 20 years and a huge human cost to prepare this safeguards policy finally.



He suggests that Civil Society must engage with the possibilities of how the ADB can have a more robust policy, how it can improve the policy gap and how affected populations should be the center of these politics. Further, he notes that clauses should be added on the risk to gender, climate, and land, which should be made at the concept stage of the project. Lastly, Shreedhar also poses a question as to how we find equivalence between country-level stakeholders and simultaneously engage with international finance at a broader level.



Supporting the first two speakers, **Vimal Bhai** elaborated on the current status of dams and other water projects in the state of Uttarakhand. He threw light on the level of engagement that these MDBs have in up-and-coming projects. The protests on the



ground are simmering but the work on the dams and associated support infrastructure is gaining pace.

**Gajendra Bhai** brought in his and the Mundra-based fishing community's experience with the Tata Mundra Ultra Mega Power Plant and its effect on the marine environment and local populations. Tata Mundra has been a long-standing struggle on various fronts. The land affected by this project is mostly inhabited by a migrant fishermen population and farming communities. An open-cycle cooling system was made in order to utilize water resources wherein lakhs of litres of heated and polluted water was drained back to the source, destroying aquatic life, especially the green sea turtle population, fertile land as well as animal population. Due to this, the inhabitants have gravely compromised their livelihoods. Around 400-500 fisherman families were displaced along with a significant number of farmers.



Due to the myriad of grievances and loss of livelihood and ecosystems, in 2011, a complaint was lodged against Tata and the World Bank in the US Court. The US Supreme Court held that the World Bank Group does not enjoy absolute immunity. **Joe Athaily** (Centre for Financial Accountability) added that this court case opens up avenues for other communities to also fight against the oppressions of international finance.

**Anuradha Munshi** talked about the Sasan Ultra Mega Project and the journey of seeking accountability from the US Exim Bank. She drew parallels with the Tata Mundra Project in terms of the exploitation of people and resources.. She noted how these projects are pushed through with violent coercion. The local people along with friends and networks wrote a complaint to the US EXIM Bank as it was one of the

financiers of the project. The Bank sent a team for investigation. However, the team did not conduct the investigation independently and it was rather handled by Reliance Industries, the local partner in the project. This was unacceptable to the people and the same was communicated to the Bank. In the report produced by the investigation team, a "small" accident was mentioned on-site, which, according to the people, was a gross



underestimation. No corrective action was carried out either by the Bank or by Reliance for any of the accidents and displacements. Anuradha ended by communicating that it is imperative to hold these big players in international finance accountable in order to expose the exploitative ways in which they operationalize their neoliberal frame.

## Panel II: Legacy of World Bank and MDB's: Looking back at global experiences

Panel II was moderated by Anuradha Munshi (Centre for Financial Accountability) and was addressed by Kate Geary (Recourse, UK), Chiara Mariotti (Eurodad, Belgium), Andri Prasetyo (Trend Asia, Indonesia) and Htet Aung Shine (IFI Watch, Myanmar). This panel brought in experts to draw on their experiences with accountability frameworks in projects outside of India.

**Kate Geary** delineated the complexities of international finance and the role of financial intermediaries in sustaining complex lending networks and profit motives of larger financial bodies like the ADB and the World Bank. She highlighted the fact that financial intermediary funding makes it difficult to trace where the lending has gone, resulting in financial institutions evading accountability. She highlighted risks that are identified and mitigated depending on the intermediary network, often used by larger institutions in order to shrug off responsibility and consequences. It then becomes difficult to pinpoint sources of capital thereby making redressal an elusive task. She terms financial intermediaries a “black hole” merely due to the absolute lack of



information. She locates a solution in policy reviews and better disclosure. She suggests that a stronger screening process for risk at the very beginning of the project is crucial, along with untangling this complex web and adaptation of sounder redressal policies.

**Chiara Mariotti**, a development economist associated with Eurodad provided an understanding of the working of Development Policy Financing (DPF). DPF is a way to dispose of money in a fast way to countries that need structural solutions during a crisis. It provides budget support and conditionalities and at the same time, it is a powerful instrument for the Bank to push its blueprint to countries during a crisis. It can be extended in the form of grants, loans or credit. In order for a country to be eligible for DPF, it needs to fulfil certain policy requirements. For instance, the borrowing country needs a “completion of a set of critical mutually agreed prior policy and institutional actions (prior actions) between the Bank and the client” (World Bank Group). In a number of countries, prior actions involve cuts in public wages and consolidation of public staff. It involves policy reforms in the name of prior actions that are strictly in line with the larger privatisation agenda of international finance. It places the private sector at the heart of dealing with a public crisis, like that of the



COVID-19 pandemic. She suggested that DPF is a way to establish market-driven suggestions for public utilities where there is a concentration of small and medium businesses but no data on local ones and there is a neglect of public oversight that is not bound by any safeguards.

**Andri Prasetyo**, a researcher at Trend Asia highlighted the role of the World Bank in pushing coal projects in Indonesia despite taking a pledge in its Climate Action Plan to turn down coal projects. Specifically, in reference to the Java 9 and Java 10 in Indonesia, one of the biggest coal projects in the world, Andri emphasizes the role of Financial Intermediaries that aid the World Bank to continue funding coal projects despite shifting trends in the international community. The project is predicted to release more than 250 million tons of carbon dioxide in the next 25 years and severely worsen air quality and pose a threat to the people and the environment. There is a grave lack of transparency in terms of environmental permits and the local and central governments have refused to disclose permits. Moreover, the local community that is the most affected by this project was neither involved nor considered for compensation.



The World Bank's Indonesian economic prospectus outlines scenarios that are intended to move Indonesia towards a prosperous decarbonized economy but still threatens to encourage a fossil gas economy. However, Andri points out that replacing coal with fossil gas will not provide the necessary reductions in emissions. Fossil gas infrastructure is displacing people, violating human rights, polluting the sea and destroying livelihoods. He locates a solution in the World Bank redirecting funding from fossil gas to a more local, sustainable and renewable source of energy.

**Htet Aung Shine** gave his remarks on the World Bank's practices in a conflict zone like Myanmar where the economy is dominated by the military. The banking system



has more or less collapsed and the region experiences extremely bad internet. In this situation, International Finance operates alongside the goals of the military and adopts anti-community practices. The voices of the people are unheard and community members are routinely arrested for lodging complaints and speaking out against this exploitation. The World Bank remains silent on these political tensions and continues to operate alongside the motive of profit. He argues that

funds must be redirected towards essential services and to Civil Society in order to adopt more people-friendly projects.

## Panel III: International finance in the current times: Looking forward

Panel III titled International finance in the current times: Looking forward was moderated by Anil Varghese (National Centre for Advocacy Studies) and addressed by Krishnakant (Paryavaran Suraksha Samiti, NAPM), Gaurav Dwivedi (Centre for Financial Accountability), Soumya Dutta (Bharat Jan Vigyan Jatha/MAUSAM), Sarath Cheloor (NAPM Kerala), Swathi Seshadri (Centre for Financial Accountability) and Leo Saldanha (Environment Support Group). The panel stressed the complexities of

private financing and the difficulties in obtaining financial data.

**Swathi Seshadri** from the Centre for Financial Accountability presented an overview of the petrochemical industry in India, the financial landscape for oil and gas and the intervention from international finance. The industry involves layers of production and therefore, an even more complex system of financing. She portrayed how it is difficult to determine who the investor is and trace the financial networks.

Moreover, since most of the data is behind paywalls, it makes it even more difficult to obtain it. She highlighted the omnipresence of this industry and the difficulty in separating chemicals from petroleum. Therefore, the stagnating demand for fuel is being directed to petrochemicals. Mapping a landscape of the industry in India, she highlighted how the industry is mainly an oligopolistic market which is not driven by demand but by supply. For instance, there is not a demand for plastic but it is being pushed to people through commodities.

An alleged lower per-capital consumption in India is an incentive to set up these industries. This so-called deficit is being filled in aggressively mainly due to three reasons. First amongst them is existing refineries like Reliance are expanding. Secondly, new players are entering the market like HCPL who were in petroleum earlier and have now entered the petrochemical market. Lastly, international players from Russia and the Middle East have started making partnerships with local players. There is a current investment of 16.4 billion dollars in the industry which receives support from the State through infrastructure, dilution of labour laws, tax incentives etc.

**Soumya Dutta** presented on the climate finance network in India. Climate finance is finance that is for two kinds of work: mitigation i.e., reducing gas emissions and replacing them with cleaner sources, and adaptation and resilience-building which is preparing communities to reduce losses and deal with climate change. Most climate funding is directed towards mitigation because it has an immediate profit-making



avenue, unlike adaptation and resilience-building which rests on the structures of social welfare. Additionally, he emphasized the difficulty in showing progress in adaptation progress, thereby dwindling the interest of private players. Commenting



on the role of International Finance in Climate Finance, he noted how the Copenhagen summit agreed that from 2020 onwards (in 2009) the rich countries will provide poor countries with 100 billion dollars a year, however, the payments that are made are grossly below this figure. Oxfam has analyzed that the actual climate finance is only around 19-22 billion dollars per year. Moreover, more than 60% of these funds are given in the form of loans and not grants. He also highlighted how most of the funding is given to middle-income countries like India and Indonesia while the lower-income countries that have been

exploited equally, if not more, by international finance have received practically nothing. Lastly, he commented on how climate funding should function in proportion to emissions caused by each country. US has contributed 25 per cent of emissions, the EU 22 per cent and China 12 per cent. Thereby, he says, the US should actually take the responsibility of funding most of the budget based on CBDR (common but differentiated responsibilities) but in reality, it has only given 7 billion dollars per year (including loans).

**Gaurav Dwivedi** commented on the complexities within private financing and its role in international finance. He notes how private financing affects development considerably. Referring to the National Infrastructure Pipeline, he highlights how 20-24 per cent of the funding will be given by private players in different forms. A lot of new investment mechanisms are coming up like the Hybrid Annuity Model and Infrastructure Investment Trust where the role of the fund manager is not needed in these investments. Therefore, development finance institutions promote private players in order to increase the number of projects under their wing. Since financing through private players is being promoted by MDBs, a substantial policy change and encouragement from the local and central governments to enable this form of financing have been witnessed. He emphasized the difficulty in obtaining contract details and any data on these financials because of two reasons: firstly, they are behind paywalls and, secondly, information disclosure laws are not applicable to the private players. Since traceability of projects and finance is a huge issue with this model of financing, it inevitably raises questions of accountability which is not built into these models.



**Sharath Cheloor** talked about the K-Rail Project in Kerala and its social, environmental and financial implications. The project cost is estimated at INR 63941 crores while the Niti Aayog has declared an estimate of INR 124 crores. Land of 1383 acres is required to proceed with this project. The scale of the project and its pressure on resources have heavily affected the social and economic life of the people. The project will require loans from the Asian Development Bank, Japan International Cooperation Agency and Asian Infrastructure Investment Bank. Sharath emphasizes how the outstanding debt of Kerala is already extremely high so this added debt will make financial matters worse in the State. Moreover, the project is not environmentally friendly as the rail construction goes over fertile lands and carbon emissions will increase steadily. There is also no clarity on where the raw materials will be sourced from. Apart from this, there is also a huge social cost involved because thousands of people will be displaced due to this project, which does not have a compensation policy as of yet. He comments on how the people have become refugees in their own land.



**Krishnakant** talked about the Ahmedabad-Mumbai Bullet Train Project and narrated the experience of those on the ground. The villages that the project is supposed to impact were found on JICA's website and not told to the people of the villages directly. There is a lack of information given to the people and a lack of consent from the people. While the Project conducted lengthy surveys, the people who will be affected the most were not consulted. Some so-called consultations were arranged by JICA and the Government but they could not answer the simplest questions asked by the people. It seemed that all they wanted to do is carry on with the project and even use violent coercion as a means to achieve this while using this meaningless consultations exercise for ticking boxes. He communicated how the reality on the ground is devoid of any morality, transparency or accountability.



Last but not the least, **Leo Saldhana** presented an overview of the dilution of regulatory policies by national governments to keep in line with International Finance.

The current developmental paradigm is in place only to benefit the top 1% of the country while the rest pay the price in the form of exploitation of resources, displacement and cultural change. Moreover, this top 1% is also involved in the decision-making process thereby forming a Private-State-International Finance nexus. He noted how the very sovereign practices outlined in the United Nations are being compromised by International Finance. He urged the Civil Society to recognize and analyze this contradiction of capital and challenge the



ongoing carbon aristocracy.

This event was brought to a closure by Anuradha Munshi who summarized the day-long deliberations with a call to unite civil society organizations working across the board.

## Annexure:

### Programme Schedule:

21st April, 2022 (Hybrid Public Event)	
Venue: Seminar Hall II, Kamla Devi Complex, India International Centre, New Delhi	
10:30 AM - 10:45 AM	Welcome and Introduction by Working Group on IFIs
10:45 AM - 11:15 AM	Inaugural Keynote Address by Medha Patkar
11:30 AM - 1:00 PM	Panel Discussion 1 Legacy of World Bank and MDBs: Looking back at experiences from India
2 PM - 3:30 PM	Panel Discussion 2 on Legacy of World Bank and MDB's: Looking back at global experiences
3:30 PM - 5:00 PM	Panel Discussion 3 on International finance in the current times: Looking forward

Financial Accountability Network India (FAN India) is a collective of civil society organisations, unions, people's movements and concerned citizens to raise the issues of accountability and transparency of the national financial institutions. It also looks critically at the economic and financial policies that have an impact on the people. Working Group on International Finance Institutions (WGonIFIs) is a sub-group of organisations and individuals within FAN India that critically looks at and evaluates the policies, programmes and investments of various International Finance Institutions (IFIs) across the world.

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