INTERNATIONAL FINANCIAL INSTITUTIONS

FINANCING DEPENDENCY THROUGH NEOLIBERALISM

CSOPartnership for Development Effectiveness

The Reality of Aid Network

A Pre-eminent Southern-led North/South Network on Reforming Aid Policies and Practices

International Financial Institutions:
Financing Dependency through Neoliberalism

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INTERNATIONAL FINANCIAL INSTITUTIONS:

FINANCING DEPENDENCY THROUGH NEOLIBERALISM

Rising to prominence in the wake of World War 2, international finance institutions (IFIs) were formed by multiple countries, purportedly for economic cooperation for postwar reconstruction as well as regulating postwar debt payments between countries. But they have evolved into institutional mechanisms to establish global capitalist order and impose policies and programs that ultimately benefit developed countries that dominate these IFIs.

Rather than fostering mutual cooperation in an enabling environment of respect for each other's sovereignty and progress, most IFI-funded projects have been documented to encroach on sovereign responsibilities, with donor countries indirectly hijacking the state functions of their recipients—from the provision of social services to the regulation of trade. This setup ultimately serves private interests of these donor countries' elite in collusion with the local elites of the recipient countries.

By appearing to finance solutions to development-related problems of different countries, what IFIs have effectively done is finance the long-term dependence of recipient countries on donor countries. Through their creation of clientelist relations between donors and recipients, IFIs have through the years become instruments of these developed, donor countries to access cheap resources and expand their markets, thereby only contributing to the continued underdevelopment among these recipient or borrowing countries. In fact, according to IMF, the median ratio of public debt to GDP among low-income countries has risen to 47 percent in 2017, up 13 percentage points since 2013. This means that the developing countries have only become more debt-ridden and debt-dependent despite the structural adjustment conditionalities imposed on them by the IFIs.

Different IFIs, same elites

New international finance institutions have emerged in the decades following the postwar milieu. In the context of the increasing capital accumulation among developed countries, however, old and new IFIs alike tend to serve the same global elites benefiting from the reality of uneven development.

IMF-World Bank

The World Bank is one of the oldest and best known of IFIs. As such, it is also looked at as a "trend setter" among IFIs. It is a huge, multilateral bureaucracy that encompasses 189 member countries represented by their finance or development ministers sitting in the Board of Governors. An executive director is appointed by the five largest shareholders; the rest are represented by executive directors they have elected. The World Bank has declared that its two main goals by 2030 are (a) end extreme poverty, and (b) promote shared prosperity.[1]

In charting its course, the World Bank meets annually with the group it works in tandem with: the International Monetary Fund (IMF). The IMF pursues its mandate of keeping stable the system of exchange rates and international payments, enabling participating countries to transact with each other. Whether these transactions are just or lopsided is a separate matter altogether. After all, the IMF's means of ensuring global monetary stability—through surveillance, lending, and capacity development[2] leads to stability largely reserved for developed countries at the expense of the developing ones.

There is a profound contradiction between the IMF-WB's goal of ending extreme poverty on one hand, and its tactics of reproducing, if not exacerbating, extreme poverty on the other through the imposition of policies—the most notorious of these, known as structural adjustments that the institution now disavows—that withhold, gate keep, and monetize access to social services through liberalization, privatization, and deregulation.

Asian Development Bank

The Asian Development Bank is another prominent IFI equally rife with contradictions. The ADB undermines its own goals of poverty reduction and sustainable economic growth in Asia and the Pacific through measures that have empirically aggravated poverty and sustained economic growth only for the elite. With focus areas as diverse—and mutually opposed—

1 http://www.worldbank.org/en/who-we-are
2 http://www.imf.org/en/About

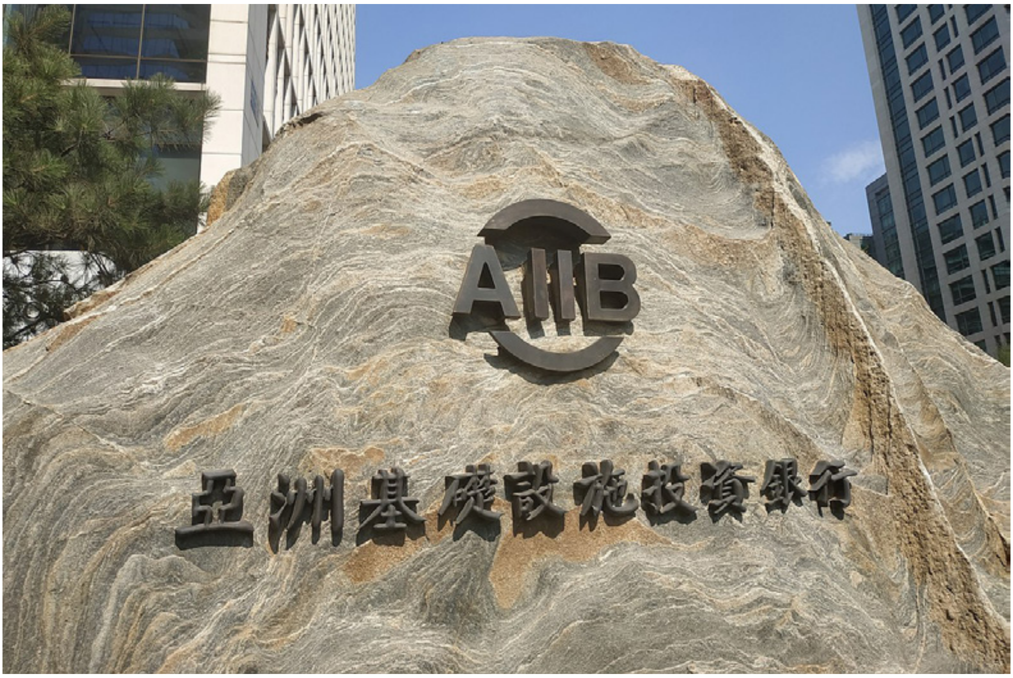
World Bank Group

as, say, food security and public-private partnerships, it fancifully insists on development by further strengthening the private sector bent on prioritizing profit over people.

The OECD

The Organization for Economic Cooperation and Development (OECD) is an international institution that, among others, boosts the roles of IFIs. Under OECD emerged the Development Assistance Committee (DAC) in the 1960s that serve the same functions as IFIs. Made up of 35 countries generally regarded as developed countries with high-income economies, the OECD lists the restoration of "confidence in markets and the institutions that make them function" as well as the reestablishment of "healthy public finances as a basis for future sustainable economic growth" as their leading tasks.[3] DAC encourages the participation of IFIs in private sector development, describing them as institutions that "finance projects in support of the private sector mainly through equity investments, long-term loans and guarantees." In other words, DAC encourages the tax-subsidized disenfranchisement of developing nations, guarding the diminishment of social services by supporting efforts that surrender these services to the private sector.

3 http://www.oecd.org/about/



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China-led banks AIIB and NDB

Of the newer IFIs, the Shanghai-based New Development Bank (NDB) and Beijing-based Asian Infrastructure and Investment Bank (AIIB) take the lead.

Formed through the Fortaleza Declaration signed by the BRICS (Brazil, Russia, India, China, South Africa) countries in 2014, NDB supplements the efforts of existing financial institutions in financing projects and programs purportedly for global development. Its five points of emphasis are clean energy, transport infrastructure, water such as for irrigation, sustainable urban development, and economic cooperation and integration.[4]

AIIB, on the other hand, began operating in 2016, focusing on the following areas: rural infrastructure, energy, environmental protection, transportation and telecommunications, water and sanitation, and urban development.[5] Tellingly, AIIB's strategic priorities include "private capital mobilization," described as "devising innovative solutions that catalyze private capital." At the beginning of 2019, it announced a USD 500 million fund for promoting green and sustainable investments in emerging Asian markets as an effort to woo private corporations.[6] Its fourth annual meeting in July 2019 in Luxembourg focused on the role of cooperation and strategic investments in strengthening connectivity in order to contribute

4 https://www.ndb.int/wp-content/uploads/2017/07/NDB-Strategy-Final.pdf
5 https://www.aiib.org/en/about-aiib/who-we-are/our-work/index.html
6 http://iboninternational.org/article/aiib-corporatization-devt-dirty-energy

to deeper integration and economic growth. By then, the AIIB has granted about US$7.5 billion worth of loans for 35 infrastructure projects among 13 countries that include India, Pakistan, Turkey, Egypt and Indonesia. In the said meeting, AIIB said that about 60 percent of its loans were granted in partnership with other IFIs such as the World Bank and the European Investment Bank.[7]

These IFIs share as their common mission the stimulation of capital from the private sector, encouraging state resources for social justice to be rechanneled from public to private platforms. Wealth accumulated by the private sector from various state efforts to strengthen the profit motive is expected—and rationalized—by IFIs, albeit unreasonably, to trickle down to oppressed and underserved sectors in a dangerous conflation of development with disenfranchisement. By imposing structural adjustments, loans with exorbitant interests/onerous contracts (AIIB does not offer concessional loans[8]), conditionalities —in short, neoliberal policies — IFIs finance the reproduction of state dependence on developed countries with the most to gain from the surrender of state functions to the private sector.

Their rhetoric may present them as platforms for economic cooperation, but their policy "recommendations" reveal them to be platforms for the institution of mendicancy on a global scale.

7 https://www.chinadaily.com.cn/a/201907/15/WS5d2b7f05a3105895c2e7d54e.html

8 https://www.aiib.org/en/about-aiib/governance/board-governors/.content/index/_download/Proceedings-of-the-Annual-Meeting-of-the-Board-of-Governors-July-12-13-2019.pdf

INTERNATIONAL MONETARY FUND

FOUNDING
1945, founded after World War II and the 1944 Bretton Woods Conference, where 44 countries (led and dominated by the United States) set forth the global financial system.

Headquarters: Washington DC, USA

GEOGRAPHIC COVER: The entire world

The IMF, though, mainly focuses its operations on the developing countries

THEMATIC/STRATEGIC PRIORITIES
The IMF was founded ostensibly to promote international cooperation on monetary matters, facilitate trade among member countries, spur economic development and provide access to expertise and resources for member countries with balance of payments problems. But this access comes at a cost, i.e. through imposition of structural adjustment programs ultimately aimed at minimizing state control of, and support to, social services and public infrastructure in favor of private (local and foreign) investment.

The IMF, together with the World Bank, continues to be guided by the so-called Washington Consensus. Introduced during the 1990s, the Washington Consensus is a set of normative economic prescriptions, supposedly for achieving development. It is more commonly referred to as neoliberalism: greater trade liberalization, deregulation of industries, privatization of public assets and services, among others.

An increasing number of experts, and even governments (especially of developing countries) have heavily criticized the IMF-WB imposition of the Washington Consensus, which has led to greater marginalization and disenfranchisement of the majority of poor people in developing countries, as well as further weakening of economies that become more and more dependent on aid from developed countries.

VOTING POWER & LEADERSHIP
Voting powers are based on a quota system, based on each member country's position in the world economy. Thus the biggest economies have most voting powers within the IMF. Here are the top 6 countries with most voting powers:


United States 16.52%


Japan 6.15%


China 6.09%


Germany 5.32%


France 4.03%


United Kingdom 4.03%

Additionally, the US has veto power over an array of major decisions.

IMF also honors a "gentleman's agreement" between the US and Europe for the IMF to be led by a European and the World Bank to be led by a US national. This "agreement" is still practiced.

FUNDING
IMF funds come from two major sources: quotas and loans. Quotas, which are pooled funds of member nations, generate most of its funds. The size of a member's quota depends on its economic importance. The quotas are increased periodically as a means of boosting the IMF's resources.

EXAMPLES OF CURRENT PROJECTS
Jordan: Parliament approved an IMF-supported new tax law in 2018 that would impose hefty tax increases on basic commodities. This sparked rare wave of protests in the country. The new tax law was passed as condition to the US$723 million IMF loan.

Philippines: IMF supported the Tax Reform for Acceleration and Inclusion (TRAIN) Law in 2017 that led to record inflation in 2018

WORLD BANK

FOUNDING
1945, founded after World War II and the 1944 Bretton Woods Conference, where 44 countries (led and dominated by the United States) set forth the global financial system.

The World Bank is the collective term for two of IFIs under the World Bank Group: International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA). The three other IFIs under the World Bank Group are International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for Settlement of Investment Disputes (ICSID).

Headquarters: Washington DC, USA

GEOGRAPHIC COVER: The entire world

Under the 2030 World Bank goals, though, the World Bank mainly focuses its operations on the developing countries.

THEMATIC/STRATEGIC PRIORITIES
In 2013, the World Bank Group set two goals for it to help the world achieve by 2030: (1) end extreme poverty by decreasing the percentage of people living on less than US$1.90 a day to no more than 3%; (2) Promote shared prosperity by fostering income growth of the bottom 40% for every country.

The World Bank, as well as the IMF, continues to be guided by the so-called Washington Consensus. Introduced during the 1990s, the Washington Consensus is a set of normative economic prescriptions, supposedly for achieving development. It is more commonly referred to as neoliberalism: greater trade liberalization, deregulation of industries, privatization of public assets and services, among others.

Before a country's government becomes a member of the World Bank, it has to be a member of the IMF.

An increasing number of experts, and even governments (especially of developing countries) have heavily criticized the IMF-WB imposition of the Washington Consensus, which has led to greater marginalization and disenfranchisement of the majority of poor people in developing countries, as well as further weakening of economies that become more and more dependent on aid from developed countries.

Critics have also noted with alarm the introduction what is supposedly a new approach in World Bank and IMF financing for development called Maximizing Finance for Development (MFD), which would entail more private sector involvement in funding—and profiting off—development projects.

Globally, many civil society organizations have criticized World Bank for financing projects that have led to “land-grabbing, brutal evictions, involuntary resettlement, forced and child labor, sexual abuse, reprisals against human rights defenders, corruption, money-laundering, massive pollution and destruction of the environment,” according to United Nations (UN) independent expert Alfred de Zayas in 2017*

VOTING POWER & LEADERSHIP

Member countries are allocated votes at the time of membership and subsequently for additional subscriptions to capital. The six countries with biggest voting powers are as follows (as of 2019):

United States	Japan	China	Germany	France	United Kingdom
15.67%	7.88%	4.37%	3.96%	3.71%	3.71%

The World Bank honors a “gentleman’s agreement” between the US and Europe that requires for the IMF to be led by a European and the World Bank to be led by a US national. This “agreement” is still practiced.

FUNDING

The World Bank’s funding comes from different sources. The United States is the bank’s biggest shareholder. Aside from the funding contributions of its member countries, World Bank’s funding comes from two main sources: the revenues it creates from its lending operations, and the funding it receives from private investments.

EXAMPLES OF CURRENT PROJECTS

Lebanon: US$617 million Bisri Valley dam project - critics say that the proposed dam will destroy over six million square meters of forests and agricultural lands, as well as more than 50 archeological and historical sites. It also sits on a tectonic plate boundary and could potentially affect millions of people. The dam project has been met with popular resistance by communities affected.

Global: In assessing the World Bank’s fiscal years from 2014 to 2018, covering over 675 energy projects funded by the bank, the German NGO Urgewald said that the bank approved over US$12 billion in fossil fuel projects (compared to over US$5 billion in renewable energy projects), in violation of the Paris climate agreement.

* https://www.fidh.org/en/issues/globalisation-human-rights/business-and-human-rights/un-expert-urges-the-world-bank-to-conform-to-human-rights-standards

While the geographic coverage and focus areas of the IMF-WB cover the world, the rest of these IFIs exercise their political and economic authority over more targeted territories.

ASIAN DEVELOPMENT BANK

FOUNDING
ADB was founded in 1966, after Japanese high officials proposed to the United States a new financial institution to help support development projects in the Asian region. The US saw the founding of a development bank in Asia as part of its broad program of continuing to wield economic influence in the region in the wake of the escalation of the Vietnam war.

Headquarters: Manila, Philippines

GEOGRAPHIC COVER: Asia and the Pacific

But ADB funds projects mostly in developing countries in Asia

THEMATIC/STRATEGIC PRIORITIES
ADB 2030 Strategy targets these major areas of focus:

- Infrastructure
  - major area of focus
  - COP21 (green infrastructure)
  - advanced technologies
  - urbanization
  - state-owned enterprises
  - lagging areas
  - RCI

- Social Sector Operations
  - supporting SDGs
  - human resources development, especially, technical education and skills development and higher education
  - universal health coverage, communicable diseases
  - pension system
  - rural development and food security
  - social protection and inclusive business
  - gender mainstreaming and improving opportunities for women and girls

- Private Sector Operations
    - » private sector financing with high development impact both in infrastructure
    - » and social sectors
    - » financial inclusion
    - » public-private partnership (PPP)

- Structural and sector reforms based on close policy dialogues
    - » support for countries affected by economic shocks
    - » public sector finance, debt management, PPP, and green finance
    - » business environment improvement, including regulatory reforms
    - » domestic resource mobilization (financial markets and tax reforms)

FOCUS AREAS

- Agriculture and Food Security
- Climate Change and Disaster Management
- Education
- Energy
- Environment
- Finance Sector Development
- Gender and Development
- Governance and Public Management
- Health
- Information and Communications Technology (ICT)
- Public-Private Partnerships
- Regional Cooperation and Integration
- Social Development and Poverty
- Sustainable Development Goals
- Transport

OUTLAY IN LOANS, GRANTS, ETC.

US$ 28.9 Billion (2017)

EXAMPLES OF CURRENT PROJECTS

Satellite data and remote sensing to improve irrigation in ***Indonesia*** and ***Pakistan***, pilot testing of climate-smart agriculture practices in ***Bangladesh***, and supporting social welfare reforms in ***Mongolia*** to promote human development

In May 2009, a people's tribunal organized by Asia-Pacific Research Network (APRN) as well as Indonesian NGO Forum on International Development (INFID), and the Institute for National and Democratic Studies (INDIES) together with peoples' organizations in the region, the Asia Pacific Peoples' Tribunal found the ADB guilty of worsening poverty through debt entrapment, unsound governance policies and environmental degradation.

ASIAN INFRASTRUCTURE INVESTMENT BANK

FOUNDING
Founded in 2015, primarily by China. In 2010, the Asian Development Bank Institute published a report that said that Asia needed US$8 trillion in investments to infrastructure between 2010 and 2020, and that China could provide that investment through a new bank. AIIB was founded purportedly to help finance infrastructure projects that would be otherwise deemed unfeasible by the older, US-dominated IFIs such as the World Bank. Founded in conjunction with China's Belt and Road Initiative (BRI), which is the country's grand infrastructure plan to build a modern Silk Road, AIIB essentially is part of China's efforts to assert its influence, power and, eventually, domination, over the global financial system.

Headquarters: Beijing, China

GEOGRAPHIC COVER:

AIIB prioritizes funding infrastructure projects along what it deems as the overland belt, stretching from Asia, Central Asia, and into Europe, was well as the maritime road, from South East to South Asia, to Africa and South America. These two paths are, essentially, the Belt and Road Initiative.

THEMATIC/STRATEGIC PRIORITIES
Infrastructure
- Promoting green infrastructure and supporting countries to meet their environmental and development goals.

Cross-country Connectivity
- Prioritizing cross-border infrastructure, ranging from roads and rail, to ports, energy pipelines and telecoms across Central Asia, and the maritime routes in South East and South Asia, and the Middle East, and beyond.

Private Capital Mobilization
- Devising innovative solutions that catalyze private capital, in partnership with other MDBs, governments, private financiers and other partners.

VOTING POWERS
China has a 26% voting power and a veto power, while India has 7.5% and Russia 5.9 percent.

FUNDING
China allotted an initial US$100 billion as initial operating capital for AIIB in 2015. Aside from China, the biggest shareholders of AIIB include India, Russia, Germany, Korea, Australia and France.

As of the July 2019 annual meeting in Luxembourg, the AIIB has granted about US$7.5 billion worth of loans for 35 infrastructure projects among 13 countries that include India, Pakistan, Turkey, Egypt and Indonesia.

In the said meeting, AIIB said that about 60 percent of its loans were granted in partnership with other IFIs such as the World Bank and the European Investment Bank.

EXAMPLES OF CURRENT PROJECTS
AIIB essentially serves as the financial catalyst for China's grand infrastructure program called the Belt and Road Initiative (BRI). It will be providing for funding for some of the key projects under the BRI, which spans from China to Central Asia to Europe on the overland route (the "belt") and from China to South China Sea along Southeast Asia, to South Asia, to Africa along the maritime road (the "road").

Some of the BRI projects have already been questioned for contributing to the continued use of fossil fuel, such as that of Bangladesh and Myanmar.

Bangladesh: In 2018, AIIB began a US$60 million project that will increase power generation capacity Bangladesh Bhola IPP, a greenfield 220-megawatt combined cycle power plant in Bhola island in the Barisal district of Bangladesh.

Myanmar: In 2017, AIIB allotted US$150 million for financial firm IFC Emerging Asia Fund, whose clients include Shwe Taung Cement, a company that operations cement and coal mine plants in the country.

Global: Despite its declaration of funding for "green infrastructure", environmental activists have pointed out that AIIB has continued to fund fossil fuel energy projects, amounting to more than US$1.6 billion. This amounts to more than half of the US$700 million investment in renewable energy projects.

NEW DEVELOPMENT BANK

FOUNDING
Founded in 2014, the idea of a BRICS (Brazil, Russia, India, China, South Africa) development bank was proposed by India during the 4th BRICS Summit in 2012 in Delhi, India. The aim was to finance infrastructure for so-called sustainable development among the BRICS countries.

Headquarters: Shanghai, China

GEOGRAPHIC COVER: Emerging and developing economies

THEMATIC/STRATEGIC PRIORITIES
At the core of NDB's operational strategy from 2017 to 2021 is to commit its financing to infrastructure development, giving priority, to renewable energy sources.

VOTING POWER
All BRICS countries -- Brazil, Russia, India, China and South Africa -- have equal 20% voting.

Brazil	Russia	India	China	South Africa
20%	20%	20%	20%	20%

FUNDING
NDB has an initial subscribed capital of US$50 billion and an initial authorized capital of US$100 billion—all from BRICS countries.

EXAMPLES OF CURRENT PROJECTS
India. US$250 million sovereign guaranteed loan amount to Canara (India) for Renewable Energy

US $350M Madhya Pradesh, India "Upgrading major road districts"

U$470M Sovereign Loan for MP Water Government of India "Water supply and sanitation and rural development"

U$ 345M Rajastan Water, India for "Irrigation and Agriculture"

IFIs and the hostage of public services

IFIs have traditionally been used by industrialized countries that dominate it to leverage their economic and political interests across the world. This is most exemplified by how the International Monetary Fund and World Bank, among others, were used by the United States to push for structural adjustment programs outlined by the Washington Consensus. Trade and investment liberalization, industry deregulation, and privatization of public assets as well as social services have usually been imposed as conditions to IMF loans and World Bank funding of so-called development projects.

A classic example of IFI intervention in the provision of public services is the privatization of electricity in the Philippines. An outcome of loan conditionalities from the IMF-WB and the ADB among other creditors, the Electric Power Industry Reform Act under the Macapagal-Arroyo presidency in 2001 provided the legal framework for the privatization of the National Power Corporation's generation and transmission assets. Today, the Philippines remains burdened with the third highest electricity rates in Asia—the highest in Southeast Asia—profited from by the local elite Manny Pangilinan who owns the country's largest power distributor, the Manila Electric Company, alongside other corporations designed for the handling of privatized utilities for water, telecommunications, mass public transport, even healthcare.

The hostage of public services for the facilitation of capital accumulation by developed countries need not always be carried out so brashly by IFIs. For example, on February 2018, the Beijing-based AIIB—among the China-led IFIs supposedly formed to challenge Western interests dominating the more entrenched IFIs—has approved $1.5 billion in loans for infrastructure development to India, seemingly with no strings attached. To pay for these loans, however, India will have to have these infrastructure (roads, railways, among others) earn. This entails the abandonment of the orientation of mass transportation infrastructure from public service to for-profit assets. This also opens up another opportunity for China to dump its surplus products. With strained trade relations with the United States, China gains from smoothening its trade relations with markets like that of India on which it can dump the surplus products. Infrastructural development such as for roads and railways in such a profitable trade partner allows its exports to circulate with ease in this foreign market. China's financial pseudo-benevolence coursed through AIIB also deodorizes its territorial aggression in the region, providing India a carrot for the stick of the former's claims over the Doklam area.

Meanwhile, the US-dominated IFIs have been looking of ways to introduce more private interest funding and profiting in its development projects. It is in this spirit that the World Bank and IMF developed the idea of Maximizing Finance for Development (MFD). This supposedly new approach seeks to develop a more coordinated system to support big private capital's entry into development projects of developing countries. Such support includes policy reforms, technical assistance, Public-Private Partnerships (PPP) and other moves to facilitate the entry of big private capital into these countries.

Worse, the "provision" of public services is used not only to actually deprive the locals of these services but also to displace them – in the name of providing for a larger community as was the case for the Lesotho Highlands Water Project. Began in 1989 with World Bank funding, the project, which included the construction of large dams such as that of Katse and Mohale in Lesotho, was said to provide hydroelectric power to Lesotho, while supplying water for South Africa. Through the years, the water project included the necessary relocation of 573 households, while an additional 20,000 individuals were indirectly affected by the project. The project was unable to provide livelihood in the areas where those households were relocated. Meanwhile, the 20,000 indirectly affected individuals included residents near the Katse Dam whose water sources dried up because of the dam. Springs also dried up in the towns of Ha Lejone, Ha Theko, Ha Soai, Kholontsho, Mphoroshane, Mapaleng, among others.[9]

IFIs and diminishing food security

The lack of food security is a growing global concern, especially among developing countries where land is owned by a few. Private plantations, for example, prioritize profitable export crops over practical produce that feeds the land's tillers and citizens in both rural and urban areas.

But while genuine agrarian reform paves the way to solving food insecurity, it doesn't pave the way for bigger profit margins to landlords who have everything to lose from the achievement of food security. In the Philippines, trade liberalization from IMF-WB-directed structural adjustments provides landlords with foreign markets on which to dump cash crops from undistributed land and land whose ownership remains contested from decades of deceitful agrarian reform programs. These IFIs, therefore, incentivize the lobby against genuine agrarian reform—and consequently the lobby against food security—made by state bureaucrats, majority of whom comprise the landlord class.

And the virtual sterilization of agricultural land does not end with the state's reproduction of feudal relations by thwarting efforts for genuine agrarian reform. Even the produce yielded to meet food security demands by

9 http://www.realityofaid.org/wp-content/uploads/2018/12/Full-Version-RoA-Report-2018-min.pdf

United Nations

actually productive land is barred by the state from reaching those in need of affordable food—all in favor of “free trade.” In June 2018, for example, over 220,000 bags of Vietnamese rice were dumped on Philippine shores to address a fake rice shortage. This rice shortage is an artificial construct wrought by state local elites: by adhering to the IMF conditionalities of doing away with tariffs and quantitative restrictions on rice importations, the Philippine government has opted to purchase grains from Vietnam—a country whose rural development enabled by its own agrarian reform program allows it to export rice to neighboring countries—instead of its own farmers.

It begs to be said that local Filipino farmers, even against the backdrop of centuries of landlessness from colonial and foreign land grabs aggravated by duplicitous agrarian reform programs, have been able to produce meager amounts of grain in spite of state-sponsored rural underdevelopment. But instead of enabling the National Food Authority to carry out its mandate of purchasing grains from local farmers at dignified rates in order to resell it to consumers at subsidized costs, the Philippine government purchases rice from Vietnam and other neighboring rice producers like Thailand, with local produce purchased only by opportunistic private traders for reselling at exorbitant prices. And with passing of the rice “tarrification” law (which is actually all about liberalization) that was pushed by IMF, local farmers in the Philippines are expected to experience further destitution and displacement.

Indeed, development aid has mainly been dependent on the country's adherence to trade liberalization that compromises food security, cementing what has come to be known as the Philippines' export-oriented, import-dependent economy.

Landlessness unaddressed by any genuine agrarian reform program is similarly a barrier to food security in India. The ADB has postured to finance "sustainable food security" efforts that create so-called "integrated value chains" in the Muzaffarrpur and Patna-Nalanda areas of Bihar and the Aurangabad and Nashik areas of Maharashtra. But in the context of land monopoly in the Indian countryside (with over 56 percent of its rural population with no landholdings), it not only disables the participation of the programs' most important stakeholders; it also duplicitously favors the existing landlords who have everything to gain from value chains they have exclusive access to. Such value chains tie farmers down to a cycle of poverty by reinforcing existing conditions as repressive as they are oppressive.

Ironically, such IFI-funded programs for food security have financed its complete opposite, incentivizing the concentration of land instead of pressuring states to break up export-oriented haciendas and plantations of cash-crops. This not only aggravates food security or people's physical, social and economic access at all times to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

This clearly calls for people's, nations' exercise of their food sovereignty - their power to assert and realize the right to food and to produce food, and fight the power of corporations and other forces that destroy their food production systems and deny them food and life.

IFIs and the institutionalization of usury

To say that IFIs have been enthusiastic about technology is an understatement. As more and more of everyday life are getting digitized, so do IFIs encourage its financialization. Where banks are inaccessible—and, consequently, the debt that comes with them—banking through digital means becomes a financial and bureaucratic directive.

A World Bank paper notes that digital technologies "offer a powerful solution for expanding access and usage to financial services[.]" In fact, the World Bank collaborates with "national authorities to put in place enabling frameworks for adoption of technology, market entry/level playing fields, and expansion of financial access[.]"[10] The ADB, for its part, financed projects related to mobile banking in the name of "financial inclusion"—that is to say, the inclusion of otherwise unbanked individuals or individuals with little to no access to financial services in a cycle of debt bondage—in 2014 and 2015.

But in encouraging the further development of financial technology (fintech), IFIs diminish funding for and displace social justice mechanisms that, if truly realized, render such financial inclusion redundant, if not unnecessary and worthless. By funding avenues through which the poor borrow money rather than earn it through the provision of regular jobs and social services that enable tending to these jobs—or in the case of peasants, as in the example, the state's completion of agrarian reform and the advancement of rural development—IFIs put countries in debt so that its citizens may equally be in debt.

In the sub-Saharan Africa, for example, fintech, including mobile banking has been on the rise. The IMF even called the region a "potential game-changer" as far as fintech is concerned.[11] On October 2018, the IMF-World Bank came up with a Bali FinTech Agenda" that, it said, would "(help) member countries to harness the benefits and opportunities of rapid advances in financial technology that are transforming the provision of banking services, while at the same time managing the inherent risks."[12] But despite this, sub-Saharan Africa faces a looming debt crisis with 40 percent of the region's countries now at high risk of debt distress. The region's loans to IFIs that came with structural adjustments in the past rendered the economy incapable of paying its loans.

On one hand, the rhetoric of IFIs about digital technology serving as a conduit to provide financial resources specifically designed for the unbanked in remote areas is true. In the rural areas of developing countries, for instance, a small farmer with a small lot in need of fertilizers may take a loan from various microfinance initiatives funded by the ADB. Access to such services, indeed, will facilitate the farmer's cultivation of his land. On the other hand, it leaves out the state's obligation of facilitating rural development through the provision of subsidies and infrastructure that enables the farmer to cultivate his land—without getting buried in debt.

Indeed, IFIs' valorization of fintech promotes private sector encroachment (for the profit of financial institutions like banks and the local elites who own them) of state obligations to agrarian reform and rural development.

10 http://pubdocs.worldbank.org/en/877721478111918039/breakout-DigiFinance-McConaghy-Fintech.pdf
11 https://blogs.imf.org/2019/02/14/fintech-in-sub-saharan-africa-a-potential-game-changer/
12 https://www.worldbank.org/en/news/press-release/2018/10/11/bali-fintech-agenda-a-blueprint-for-successfully-harnessing-fintechs-opportunities

IFIs and militarism

Many IFI-funded projects, especially those of infrastructure, have been the subject of massive protests from communities and sectors adversely affected by these infrastructure projects. In turn, these IFIs have helped propped up governments that have known to systematically violate human rights and use violent reprisals to stifle dissent.

In many areas in the Philippines, for instance, militarization precedes "development projects" in anticipation of stiff resistance from communities. In Mindanao island of the Philippines, which is still under Martial Law as of this writing, constant military operations have been undertaken in areas with upcoming World Bank funded projects. An example of this is in Surigao del Norte, Mindanao, where the government is piloting a national roads infrastructure program under the Philippine Rural Development Project (PRDP) funded by the World Bank. The province is currently experiencing massive displacement of indigenous Lumad communities due to military encampment and operations purportedly against the New People's Army guerrillas. The result: massive human rights abuses, including attacks on independent schools of indigenous peoples (accused by the military as being guerrilla-supported), killings of indigenous peoples leaders, and many others.

Since 2008, the Philippine government has set up paramilitary units called the Investment Defense Force in support of the military campaigns to protect so-called development projects funded by IFIs in Mindanao and elsewhere in the country.

AIIB, meanwhile, is one of the major funders of the Kaliwa Dam in Quezon province—an infrastructural undertaking whose impending construction displaces the Dumagat people indigenous to the area. The Philippine military has been called to protect the impending construction, in anticipation of reports that the communist guerrillas will target it to prevent its operations.

World Bank projects in least-developed countries such as Chad and Cameroon in Africa have not contributed to the development of impoverished communities and sectors. In Chad, during the 1990s, the World Bank agreed to fund an oil exploration project on the condition that the proceeds from the oil revenues will eventually be used by the Chad government to fund development projects that will uplift the dire conditions of its citizens. In 2004, the project funding increased to US$4.2 billion, with US$93 million coming from the World Bank, while the International Financial Corporation (which is part of the WB Group) added US$100 million in funding. In 2003, construction of an oil pipeline was completed.[13]

13 http://www.realityofaid.org/wp-content/uploads/2018/12/Full-Version-RoA-Report-2018-min.pdf

Aside from the use of military force to enforce the implementation of IFI-funded projects, IFIs are themselves used as tools for "unconventional warfare" of developed countries in intervening in the internal affairs of developing countries. In a January 2019 Tweet, the WikiLeaks pointed to a leaked US military manual that states that US-dominated IFIs like the World Bank and the IMF have been used in "unconventional warfare" against the US' enemies. These institutions are seen by the US government as "weapons in times of conflict up to and including large-scale general war… (as well as in leveraging) the policies and cooperation of state governments."

In the leaked 248-page document of the US Army, a section titled "Financial Instrument of US National Power and Unconventional Warfare" states that the US government uses "unilateral and indirect financial power through persuasive influence to international and domestic financial institutions regarding availability and terms of loans, grants, or other financial assistance to foreign state and non-state actors, specifically naming the World Bank, IMF, as well as institutions such as the Organization for Economic Co-operation and Development (OECD) and the Bank for International Settlements (BIS).[14]

IFIs as "unconventional warfare tools" in projecting political power and influence over developing countries, and its projects as entry points to military intervention, are also apparent in China-backed institutions like the AIIB. China's large-scale, global infrastructure project, the Belt and Road Initiative, with projects targeting key overland and maritime routes, are increasingly been seen as part of the country's strategy of expanding the reach and influence of China's People's Liberation Army (PLA).

The 2019 Defense of Japan white paper published by the Japanese Minister of Defense expresses concern over the possibility that China-funded projects like the Dara Sakor investment zone that covers 20 percent of Cambodia's coastline, will be used as a de facto Chinese military base. "It is possible that the construction of infrastructure based on the (Belt and Road) initiative will further promote the activities of the PLA in the Indian Ocean, Pacific Ocean and elsewhere," the Japan defense ministry's white paper said.[15]

14 https://file.wikileaks.org/file/us-fm3-05-130.pdf
15 https://www.mod.go.jp/e/publ/w_paper/pdf/2019/DOJ2019_Full.pdf

Resisting IFI's imposition and perpetuation of dependency

It has been well-documented that IFIs have been used by many highly developed countries (mainly the United States, Japan, the European states, as well as China) as a way of subverting the national sovereignty of developing countries. By dangling much-needed funds as loans with conditionalities, these IFIs and the countries that dominate them have shaped much of neoliberal economic policies of the developing world. As a result, now, greater than ever, severe poverty and inequality persists.

There is a need for developing countries to explore alternative paradigms to so-called neoliberal development paradigms put forth by IFIs and outlined by the Washington Consensus. The China- and BRICS-initiated development banks, AIIB and NDB, created purportedly to challenge the domination of World Bank and IMF in development assistance, has so far failed to show how they are different from the Bretton Woods institutions. The two new IFIs have, in fact, been used to push for economic interests of the emerging global power, China, and, to a lesser extent, the other BRICS countries.

But if recent history has taught us anything, it is that real, sustainable and equitable development is possible. The experiences of various countries in mounting genuine agrarian reform programs--from the West to China and Russia to the "emerging tigers of Asia"--have taught us that state restructuring of the use and ownership of agricultural lands are what?

In 2017, The Economist, of all magazines, came out with an article pointing out that land reform had been the crucial policy reform that spurred many countries into the development that they now enjoy. The article gives the example of China, under Mao Zedong, where land reform led to the unleashing of the productive potential of the country and ushered in development.

> "By the 1920s, a tenth of the population owned over seven-tenths of the arable land. Three-quarters of farming families had less than a hectare. Mao Zedong's Communists reallocated land in every new territory they seized. After the defeat of the Kuomintang (KMT) in 1949, they rolled out land reform nationwide....The effect was immediate. Grain output leapt by perhaps 70% in the decade after the war. When farmers can capture most of the value of their land, they have a powerful incentive to produce. And while smallholder agriculture is hugely labour-intensive, that makes sense when labour is abundant".[16]

16 https://www.economist.com/asia/2017/10/12/for-asia-the-path-to-prosperity-starts-with-land-reform

International Accountability Project

Land reform in these countries, of course, had been coupled with a program for national industrialization, that is, the establishment and development of infrastructure for basic industries such as food production, water, energy, steel, textile, among many others.

For sure, cooperation and support between countries, especially among developing countries, are crucial in successfully achieving genuine land reform and national industrialization. And there have been indications of the beginnings of a paradigm shift, with the emergence of the concept and practice of South-South Cooperation, where South countries of the developing world help one another in the spirit of solidarity, horizontality etc...not just in terms of financial aid but more importantly in technical assistance and sharing of best practices. But these cooperation initiatives, although on the rise, remain a minority to the dominant mode of aid cooperation and assistance as practiced by IFIs, and is also straying from its true spirit (as geopolitical and business interests, human rights violations also become more pronounced).

In the mean time, social movements have been at the forefront in critiquing IFIs and stirring governments into vigilance and in the direction of people-led development. Through these movements, IFIs are pressured by their own participating governments into funding efforts aligned with the people's interests such as the need for genuine agrarian reform and national industrialization. Through its ties with genuine stakeholders in grassroots communities, the social movements are in the best position to determine what IFIs fund, who implements what they fund and how, and—most important of all—for whom such efforts are funded and implemented.

Indeed, social movements and independent organizations have been at the forefront of taking IFIs to task for exacerbating the destitution and poverty of millions of people in the developing world. Activities such as the Asia-Pacific Research Network (APRN)-sponsored People's Tribunal on the ADG, as well as the 2018 People's Global Conference against the IMF and WB are excellent examples of making IFIs accountable to the people.

Organized by APRN, Indonesian NGO Forum on International Development (INFID), and Institute for National and Democratic Studies (INDIES) together with peoples' organizations in the region, the Asia Pacific Peoples' Tribunal on ADB raised the voices of grassroots and marginalized sectors and exposed how ADB has played a significant role in worsening poverty through debt entrapment, unsound governance policies and environmental degradation. It was held on May 2009 in Bali, Indonesia.

The 2018 Peoples' Global Conference against IMF-WB, meanwhile, was a conference of different people's organizations and social movements around the world that aimed to expose IFIs, specifically the IMF and WB, as tools for domination by industrialized countries that lead to deleterious impacts on affected communities in developing countries. Held in Bali, Indonesia in 2018 as the IFIs were holding their own annual meeting in the same place, the conference also came out with strategies to resist corporatization of development aid.

Indigenous resistance such as that against IMF-WB-funded Chico Dam lives on with the annual commemoration of Cordillera Day

But of primary inspiration to the movement for IFI's accountability were the grassroots campaigns led by indigenous peoples, farmers, and other marginalized sectors, that confronted IFI projects like that of the World Bank in Chico River, Cordillera region of the Philippines during the 1980s. The WB-project would have run roughshod over indigenous peoples' ancestral domains in Cordillera. The indigenous Igorot people, led by martyred leader Macli-ing Dulag, successfully stopped the destructive project.

One of the many ongoing struggles against IFI-funded infrastructure projects is that against the "Giant Sea Wall" - the biggest reclamation project that will build 17 new artificial islands and embankment along the coast of Jakarta and Tangerang in Indonesia. Built through a public-private partnership scheme between the national and local governments and big private companies, the project saw the fierce resistance mounted by fisherfolk and informal workers under Front Perjuangan Rakyat (FPR) and successfully stalled the attempted displacement by state security forces in 2016.

These initiatives and others have shown that in the long run, it is important for the people's movements of developing countries to gather strength to push for genuine structural changes in their own governments.

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