

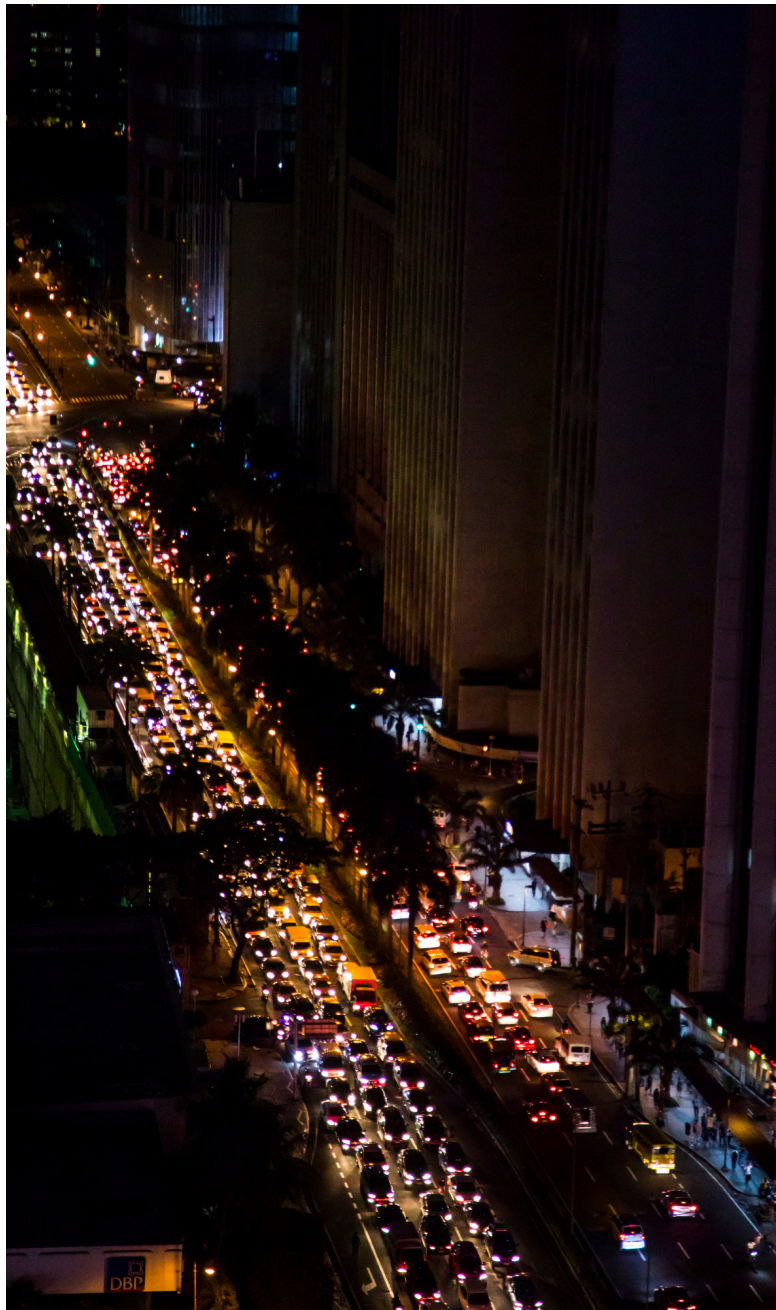


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SECOND DAM REHABILITATION AND IMPROVEMENT PROJECT ENVIRONMENTAL AND SOCIAL DUE DILIGENCE IS A SHAM IF NOT ACTED UPON

Sreedhar Ramamurthi | Environics Trust, New Delhi

Dam Rehabilitation and Improvement Project (DRIP) Phase II & Phase III with the financial assistance of the World Bank (WB), and Asian Infrastructure Investment Bank (AIIB) aims to improve the safety and operational performance of selected dams across the whole country, along with institutional strengthening with system wide management approach.

The project cost is Rs 10,211 crore¹. The Project will be implemented over a period of 10 years duration in two Phases, each of six years duration with two years overlapping from April, 2021 to March, 2031. The share of external funding is Rs 7,000 crore of the total project cost, and balance Rs 3,211 crore is to be borne by the concerned Implementing Agencies (IAs). The contribution of Central Government is Rs 1,024 crore as loan liability and Rs 285 crore as counter-part funding for Central Component.

DRIP Phase II & Phase III envisages the following objectives:

1. To improve the safety and performance of selected existing dams and associated appurtenances in a sustainable manner.
2. To strengthen the dam safety institutional setup in participating states as well as at central level, and
3. To explore the alternative incidental means a few of selected dams to generate the incidental revenue for sustainable operation and maintenance of dams
4. To achieve the above objectives, DRIP

Phase II & Phase III has following components:

- Rehabilitation and improvement of dams and associated appurtenances,
- Dam safety institutional strengthening in participating States and Central agencies,
- Exploration of alternative incidental means at a few of selected dams to generate the incidental revenue for sustainable operation and maintenance of dams, and Project management².

The Scheme envisages comprehensive rehabilitation of 736 existing dams located across the country.

In a similar project funded by these Banks, NGO Forum on ADB³, particularly pointing to the Tarbela Dam in Pakistan, demanded that these projects that rehabilitate the civil and electrical components and try to augment revenue must not forget the legacy issues of resettlement and rehabilitation. Though the AIIB seemed to accept this legitimate demand, the actual situation is appalling.

Harmful Procedural Reform for Fighting Delays - Absence of Objection

In 2017 World Bank brought in a regressive procedural reform⁴ ostensibly designed to reduce long delays in the processing of requests for such Board documents by cutting out a few steps on the process. Under the new practice, records receiving no comments will be automatically disclosed. If

the Bank management or a director object to the release of a document, it will be made part of a “request package” circulated to a key Board committee (COGAM – the Committee on Governance and Executive Directors’ Administrative Matters) for approval on an “absence-of-objection” basis. This practice has also unfortunately percolated to the Bank’s Inspection Panel⁵. This says that in

the context of the time limits set for response to the request being beyond the Management or Panel’s control may be approved by the Executive on the basis of the absence-of-objection approach. If the community is not provided with any information on the project, “absence-of-information” decisions can be taken based on appraisal documents such as these examples will demonstrate.

Stakeholder Diagram



Completely Ignoring People as Stakeholders

This diagram in the programme’s website⁶ makes it very clear that in the conception of the World Bank and AIIB, people who are affected and those who live in the command area are not considered as stakeholders. The government agencies, project related institution and academic institutions are also included but not the people. The stakeholder consultation has become like a place-holder in the due diligence documents as this example of the list of stake holders consulted in case of the Ravishankar Sagar Dam in Chhattisgarh.

Examples Exemplifying Total Lack of Concern

1. Bhakra Dam

Bhakra Dam which was originally conceived in early 20th century by the British and actually constructed post-independence, has been a subject of huge controversy over the resettlement and rehabilitation of people.

Annexure III: Stakeholder’s consultation: List of

Sl. No.	Name	Relation with Dam – Staff, contractor, worker, full time/part time, local, NGO...
A. Civil Staff		
1.	U.D. Ramtekkar	Executive Engineer
2.	L.L. Dewangan	Sub Divisional Officer
3.	R.K. Jadhav	Sub Engineer
4.	S.K. Nagchaudhari	Sub Engineer
5.	H.R. Markam	Sub Engineer
6.	Provin Khedre	Sub Engineer
B. E&M Staff		
7.	R.K. Dhritlahare	Executive Engineer
8.	S.S. Nikunj	Sub Divisional Officer
9.	Deepak Dhruw	Sub Engineer
10.	Vivek Sahu	Sub Engineer
11.	Ashwani Yadav	Sub Engineer

Even today there are issues of unsettled families and not having tenure rights to the land they have been asked to resettle. However, the following table from the draft ESSD report⁷ makes it clear that the Banks have accepted what the proponent has said as gospel truth and has made a mockery of the term “diligence”. Further if draft reports are sufficient to lend, this makes the process completely ineffective.

The families displaced by the construction of the Bhakra dam continue to wait for the ownership of the promised land grants in the Bilaspur district of Himachal Pradesh. The Bhakra Nangal multipurpose dams, built on the Satluj river, were one of the earliest river valley projects undertaken in postindependent India and completed in the early 1970s. The dam affected a total of 11,777 families and at least 205 villages in Bilaspur, according to Nand Lal Sharma, president of Gramin Bhakra Visthapit Sudhar Samiti.



However, some of them were not granted land as promised under the resettlement and rehabilitation of Bhakra Dam oustees (Grant of Land) Scheme 1971. Sharma stated that 3,600 families were promised land in Haryana but about 740 families returned as they weren't accommodated. Many of the families who returned, settled on forestland

without titles, where they continue to live and farm. According to him, the state authorities did not object to the settlements in the forests at that time. Sharma also emphasised the eligibility of these families for individual and community rights under the Forest Rights Act (FRA), 2006.

Please confirm whether all proposed structural rehabilitation activities for this dam are limited to dam compound only or any activities are proposed beyond dam complex like catchment area treatment plan, stabilization of reservoir rim area, slope stabilization, de-silting etc.? Please specify if any possibility of local community interference exist during the implementation of rehabilitation measures; including stakeholders consultation meetings planned for dissemination of emergency action plans which is a non-structural measure.	Proposed structural Rehabilitation activities for Bhakra Dam under DRIP-II are limited to Dam compound only. However, work related to treatment of hot spots and landslides around Bhakra Dam complex is proposed under DRIP III and as such the required action in this regard will be taken at appropriate / due time.
Is there any unsettled issues (legacy) related to displacement or resettlement, pending since time of dam construction? If yes, please give a brief detail?	No ⁹
Any unauthorized encroachers or squatters living within the dam premise? If yes, are these not a threat for dam security and dam premise, any official action taken in the past, does the state government have legalized these squatters and these have full right in the property of dam authorities.	No

Contradictory Information on the same Project

If we read the overview report and study the section - ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement10 it states, “(T) the findings the ESDD assessments are: (i) proposed interventions are limited to the existing dam and will take place on the existing dam structure and within its premises; (ii) the boundary fencing component in couple of dams – Mahi Bajaj Sagar and Bisalpur Dam – will not obstruct access to facilities/livelihoods of the local communities; (iii) there are no legacy issues from the time of construction of these dams that relate to compensation, displacement or

resettlement; (iv) the dam safety interventions are unlikely to disturb farmers cultivating on government land along the reservoir when the water level recedes as seen in a few dams (e.g. Matrikundia, Chhapi, and Sukli Selwada). In fact, these farmers may benefit from the interventions; and (v) some land parcels downstream of Matrikundia and Chhapi Dams have been damaged due to heavy discharge and have resulted in a few pending compensation issues that are under judicial review. Hence, at the pre-construction stage, none of the proposed activities/interventions involve acquisition of private land and/or private assets; in no way cause restriction on access to land or use of

resources by local communities; and there is no economic displacement. There might be temporary impacts such as disruption due to vehicular movement during construction at Imphal Barrage, where findings indicate heavy usage of the barrage road. These might result in temporary inconvenience, but do not involve disruption or loss of access to assets by communities.

However, if you look at individual documents, there are mention of legacy issues in resettlement and rehabilitation. For example, those affected by submergence claim, “not a single penny in the form of compensation has ever been disbursed to these aggrieved farmers”. The specific report on Matrikundia

Dam concedes, “department is looking into the issues to sort out the matter.”

Recommendations to the Banks

A set of simple recommendations which the Banks should take up to make the process meaningful and also to demonstrate the intent of the Banks in establishing due process.

1. Call for complete revisit of the ESSD process in respect to this project.
2. Inform Communities of the process and seek publication of the schedule of studies and field work on the projects
3. Seek an independent and concurrent evaluation of the process.
4. Ban having fake stakeholder meetings with their own employees or workers



Endnotes
 1 1 Crore = 10 Million
 2 <https://pib.gov.in/PressReleasePage.aspx?PRID=1668405>
 3 Meetings with Management and NGO-Forum May 2018
 4 <http://www.freedominfo.org/2017/07/world-bank-simplifies-process-access-decisions/>
 5 <https://www.inspectionpanel.org/sites/www.inspectionpanel.org/files/documents/InspectionPanelResolution.pdf>
 6 <https://damsafety.in/index.php?lang=&page=Stakeholders&origin=front-end&tp=1&rn=1>
 7 <https://damsafety.in/index.php?lang=&page=Downloads&origin=front-end&tp=1&rn=1>
 8 <https://www.landconflictwatch.org/conflicts/regularisation-of-titles-and-allocation-of-plots-to-bhakra-dam-displaced>
 9 <https://timesofindia.indiatimes.com/india/50-years-on-bhakra-dam-oustees-wait-for-rehabilitation/articleshow/24504585.cms>
 10 <https://documents1.worldbank.org/curated/en/164031585241036227/pdf/Appraisal-Environmental-and-Social-Review-Summary-ESRS-Second-Dam-Rehabilitation-and-Improvement-Project-P170873.pdf>

Who is who No 2: Basic characteristics of Chinese lendingⁱ

Dr. Nora Sausmikat | Urgewald

Loans play a dominant role in Chinese development aid and foreign trade. Their political and economic assessments are the subject of heated debate.

Today, China is the largest bilateral lender for the low- and middle-income states of the Global South. This is also why only debt relief initiatives which include China can be effective. Nevertheless, who are the players in the Chinese development cooperation and what is their significance? How does Chinese so-called development finance practice differ from that of Western countries?

It is difficult to measure China’s accomplishments as a worldwide creditor.

In most cases, they do not adhere to the “Official Development Assistance” (ODA) criteria and are not itemised by sector or project when published. A review released by erlassjahr.de in 2019 indicates a credit sum of 476 billion USD for 145 countries in the period between 2000-2017.

Based on numerous loan agreements, signed since 2018 as part of the “Belt and Road Initiative” (BRI), also referred to as the “New Silk Road”, the sum is in fact

higher. A current study by AidData from September 2021 records 13,427 projects valued at 843 billion USD in 165 countries over a period of 18 years.

In connection with Chinese development financing, the term “debt trap diplomacy” has become a synonym for Chinese loans in the public debate. It was coined in 2017 by the Indian scientist Brahma Chellaney. The premise is the following: the creditor country extends excessive credit to a debtor country in order to extract economic or political concessions once the debtor country becomes unable to meet its repayment obligations.

The debt trap theory has become the subject of intense global debate. One of the main protagonists is Deborah Bräutigam, director of the China Africa Research Initiative in the US. She maintains there is no evidence to support such allegations. Nevertheless, strong criticism of the Chinese allocation practice persists. A study

by the Kiel Institute for the World Economy generated much discussion with its analysis of over 5,000 loans and payments worth 520 billion USD since 1949. It emphasised the danger of hidden debts, which do not appear in statistics and purportedly account for half of all Chinese lending.

However, the above-mentioned AidData study also confirms the huge danger of such hidden debts: Almost 70 per cent of Chinese foreign lending today goes to state companies and banks, special purpose entities, joint ventures, and private sector organisations in the recipient countries. For the most part, these debts do not appear on the governmental balance sheets. The practice is likely to increase in the future.

Aid is combined with trade

We therefore cannot treat China as a new conventional development aid player. The “Official Development Assistance” (ODA) is defined by the “Development Assistance Committee” (DAC) as state aid that promotes economic



development and welfare in developing countries. The DAC introduced the ODA in 1969 as the “gold standard” of foreign aid. In contrast to OECD country practices, China does not distinguish between commercial credits and classical aid. Aid is thus combined with trade. In addition, only loans by the two state banks China Exim Bank (EXIM) and China Development Bank (CDB) are handled as state loans.

Loans by the four so-called “commercial” but in reality, also state banks – ICBC, Bank of China, Agricultural Bank of China and China Construction Bank – are described as “commercial loans”. The CDB is still the world’s largest bilateral lender. However, China’s commercial banks have surpassed the two state banks EXIM and CDB as main lenders. The number of “mega projects”, meaning loans worth at least 500 million USD, has tripled between 2013 and 2018, according to AidData.

Loan instruments of the two state banks are above all project loans, export relief or export insurances, interest-free or low-interest loans, and subsidies from special funds. Blended finance packages are often offered and mixed with market-based prices and products based on commercial loan prices and subsidies. The state banks’ official foreign loans are yield-oriented and offer less generous conditions than loans conferred by traditional lenders of the official development aid or multilateral creditors.

On average, the interest rate for a loan amounts up to 4.2 per cent and includes a maximum grace period of less than two years as well as a loan duration of less than ten years. So, most of the Chinese foreign loans are not “development aid” but rather export loans. China puts less emphasis on aid than on debt. According to AidData, China has issued 31 times more loans than grants since the beginning of the BRI.

Banking on collaterals

The new study states, when the stakes are

high, Beijing’s risk reduction method of choice is collateral security: 40 of the 50 largest loans to foreign borrowers by Chinese state creditors are collateralised.

Collateral security has become the mainstay of China’s lending strategy – with focus on natural resources and energy. Foreign currency loans are often given to resource-rich countries and are then collateralised by future revenue from raw material exports to reduce repayment and fiduciary risk.

Other examples of collaterals include the port of Mombasa in the construction of the Kenyan Mombasa-Nairobi railway line or the land collateralisation in the freeway between the port of Bar and Serbia’s capital Belgrade.

The responsibilities and decision-making processes regarding foreign lending and development aid in China involve the Ministry of Commerce and the Ministry of Foreign Affairs. Since 2018, a newly created central coordination unit for development cooperation on a vice-ministry level, the “China International Development Cooperation Agency” (CIDCA), assists the foreign ministry in that regard.

According to Marina Rudyak, sinologist at the University of Heidelberg, the name suggests China now views itself as a development partner when it comes to foreign aid. However, although the agency was created to counteract the lack of accountability and supervision obligations, this premise is significantly flawed. The CIDCA is a subordinate of the institution that it is supposed to be overseeing.

A third ministry, the Ministry of Finance, assumes central control over specific BRI finance institutions. These include the Silkroad Fund but also the Asian Infrastructure Investment Bank (AIIB), the first multilateral investment bank founded by China.

In addition to the completely different understanding of development financing

and the specific loan instruments, the AIIB differs from other multilateral development banks due to several uniquely Chinese circumstances:

- Although the AIIB is a multilateral bank, as its Chinese president Jin Liqun repeatedly emphasises, it – together with the Silk Road funds and the large Chinese state banks – maintains the financing of costly infrastructure projects in the energy and transport sector within the Belt and Road Initiative.
- Regional member countries play a central role in the AIIB. Shareholder China holds approximately 30 per cent of the shares. Bangladesh, India, and Indonesia are among the main recipients in recent years.
- The AIIB follows the structure of all other development banks. In its role as major shareholder, China has the (unwritten) right to nominate the AIIB's president – as the USA does with the World Bank.
- The lack of transparency and manipulable flow of information is built into the structure. The administrative board advises on the bank's politics, strategies, and assignments. However, its members do not reside in Beijing but hold their consultations via video conferencing. With this structure, the AIIB intends to realise a part of its business principle "lean, clean, and green". However, this precludes the informal interaction and information flow between board members and management that is part of daily work at the World Bank or the ADB, for example.
- In contrast to other banks, the AIIB does not take much time to interview local

communities and prioritises fast project implementation instead. In addition, the protection of indigenous peoples, specified in the ILO convention 169 as "Free Prior Informed Consent" (FPIC), has wilfully been reformulated by the AIIB from "consent" into "consultation".

A country like a large company

It is important to distinguish between political rhetoric and real-life practice. China wants to make its mark as a new development financier, with the goal of building back better, especially in the period after the Covid crisis. To this end, China deploys all available media and diplomatic channels.

Simultaneously, we should adopt a sober and objective stance in this emotionally heated atmosphere. A Chinese colleague once suggested, "Try and see China as a large company". In this company, the aim is to generate profits, with as little delay and complication as possible. In light of the global debt crisis, which Covid has only amplified, and the need to reduce world poverty, solid standards recognising and protecting fundamental rights of local communities are needed. To achieve this goal, a binding catalogue for loans must be developed together with China, and it must be based on disclosure requirements, debt limitation, and ecological and human rights guarantees.

Another slightly different version was published in German in the journal Südlark, by Inkota, Dec. issue 2021.

** Article originally published [here](#).*

"Green City" undermines Free, Prior and Informed Consent of Indigenous Communities in Tarlac, Philippines

Carlo Manalansan | International Accountability Project (IAP)

The Ayta Hung-ey and their relentless struggle to defend their territory paint the hills and mountains of Barangay Aranguren, Capas, Tarlac.

"Our life has always been simple because our land provides us with food, water, medicine, and wood," said Petronila Capiz-Munoz, tribal chieftain of Sitio (village) Sapang Kawayan, Capas. Embracing the indigenous way of living, the Ayta Hung-ey people have enjoyed their traditionally owned and managed territory. Communities have utilized the forests, mountains, and rivers for their sustenance without compromising ecological integrity.

The Ayta Hung-ey tribe relies on agriculture for both community subsistence and cash crop. They plant rice, corn, bananas, root crops, and vegetables. If there are surplus products, the villagers transport it in town centers to earn enough money. During the dry season, some villagers sell charcoal out of used and spare wood. However, income from this has always been minuscule as they only receive PHP 90–100 (USD 1.8 — USD 2) per sack.

As a landlocked community, villagers depend on their rivers and streams as major sources of fish, snail, shrimp, and crab. While their forest is home to wild boar, deer, birds,



Some community members work as seasonal agricultural farm workers in a sugarcane plantation owned by non-indigenous landowner.

medicinal plants, and a century-old mango tree — a sacred tree for Ayta Hung-ey. They perform rituals around the tree to ask for guidance, healing, protection, and good harvest because they believe that the spirits of their ancestors live with the tree.

Although simple, the life of Ayta Hung-ey has never been smooth sailing. Historical government neglect, institutionalized discrimination, and other forms of oppression have become a strong weapon to divide indigenous communities and exploit their resources. “Indigenous peoples remain poor because we are marginalized. Worse, our land is taken away from us for the benefit of the few.” Chieftain Pet explained.

As the claws of so-called development such as the New Clark City reach into the indigenous territory of Ayta Hung-ey, the people find their survival in peril.

The un-Green City Project

The New Clark City (NCC), formerly known as Clark Green City (CGC), is being promoted as the first “smart, green, and disaster-resilient city” by the Philippine government through the Bases Conversion

and Development Authority (BCDA). This project covers 9,450 hectares of land in Tarlac province — approximately 100 kms north of Philippine capital Manila. The NCC with an estimated [development cost of USD 14 billion](#) is considered as one of the biggest infrastructure projects of the highly criticized Build! Build! Build! Program of the current Philippine administration.

Branded as a ‘green’ city, the BCDA reportedly plans to develop 40 percent of the area leaving 60 percent open spaces. The NCC is poised as a viable alternative city to Metro Manila as the megacity continues to experience congestion, pollution, and urban decay.

The international finance institutions (IFIs) such as the Asian Development Bank (ADB) has actively engaged BCDA in promoting and implementing a new planned urban center. In [ADB’s news release in 2017](#), the NCC is considered as “... ADB’s first transaction advisory mandate covering multiple sectors in the Philippines, including transport, waste management, gas distribution network, IT infrastructure, mixed income housing, national government center, and food terminal of



A family traversing an on-going road construction on their way home.



Houses of villagers who decided to move and settle near the community church.

CGC.” In this regard, the Asian Development Bank is committed to “assist BCDA with the overall evaluation of the plan for the city and assist in running tender processes for suitable PPP [Public-Private Partnership] projects to attract private sector participation”.

Moreover, ADB through its Asia Pacific Project Preparation Facility (AP3F) has invested USD 80,000 on [technical assistance](#) for New Clark City Information and Communications Technology (ICT) PPP Project. Citing numerous risks and irreversible damages on the people and environment, the NCC has drawn condemnation from environment activists, human rights organizations, scholars, and the general public. The findings, in fact, of the [biodiversity assessment study](#) funded by the Asian Development Bank reveal that the New Clark City will likely result in “reduced quality of habitat, species population, and net primary productivity.” Yet, the Asian Development Bank is still keen to supporting the multi-billion dollar

infrastructure project that would destroy the lifeblood of the Ayta Hung-ey.

Prospective disaster

Chieftain Pet Capiz-Munoz recalled how a certain contractor first entered their community in 2014 and was only asking about community roads. “We thought the government would soon build roads for us. But shortly after a year, we were alarmed to see a number of road projects were taking place without our consent. Worse, the project staff brought armed military personnel as escorts in one of their community visits,” she narrated.

In 2017, despite the strong opposition from affected communities, the government pushed through with the construction of roads and sports facilities in time for the 2019 Southeast Asian Games (SEA Games). Consequently, vast agricultural production areas were cleared and hills were leveled to the ground. The BCDA fenced off communal

properties which prevented the villagers from accessing their fruit trees, vegetables, and other crops. Their natural rivers and streams were not spared from destruction due to river diversion.

With its enormous development plan that poses community displacement, none of the 578 indigenous families in Sitio Sapang Kawayan were informed and consulted about the project. The Ayta Hung-ey communities have been requesting the National Commission on Indigenous Peoples (NCIP) to facilitate free, prior and informed consent (FPIC) process. Until now, their right to FPIC has been persistently disregarded. According to the Hung-ey tribe elders, the BCDA even claimed that the land belongs to the government and insisted that no indigenous peoples inhabiting the project area. “But when I asked them to present those documents, they just refused,” Chieftain Pet explained.

There were no community meetings nor negotiations. They were only told, “*kapag naamoy ng bulldozer ang lupa mo, babayaran ka.*” (“If the bulldozer runs into your land, you will get paid”)

The villagers frustratedly expressed how helpless they were when they were forced to accept the compensation unilaterally decided by BCDA. In 2018, the developer offered PHP 300,000 (USD 6,000) financial compensation to Tatay Nelson whose portion of his land will be developed into a golf course. He received the first tranche in April 2021 while the schedule of the next tranche remains uncertain. The terms and conditions were not even discussed to him. “My only option was to accept the money, otherwise, I would be losing my land without getting anything,” Tatay Nelson expressed.

“We are not slaves in our own land”

The community has engaged local and national authorities to collectively raise concerns over the lack of consultation prior

to the construction phase. They submitted letters and petitions to different government agencies to register their opposition and reiterate their rightful ownership of their ancestral domain. “If given the chance, I would like to speak with the Asian Development Bank, investors, and corporations to ask them why are they supporting the New Clark City project that brazenly violates our rights,” Chieftain Pet stated.

During the pandemic, the road construction has never stopped. With the imposition of lockdown, villagers were restricted to move around and monitor the construction activities. Since their mobility has been limited, the villagers congregated in an area near the community church for easier coordination and community mobilization. In most instances, those who intended to visit the community had to ask permission from private security in the area before entering.

“If they want to build roads, just roads, we will allow them. But if they try to grab our land and destroy our sacred sites and burial ground, we will resist,” said Chieftain Pet, expounding: “We are not anti-development. In fact, we want the government to build schools for our children. But if their concept of development means uprooting us from our land and wiping Ayta Hung-ey out, then we are anti-development.”

Their ancestors resisted Spanish colonization and joined the HUKBALAHAP — a communist guerilla movement — against Japanese invasion to defend their land and territory. For Ayta Hung-ey, protecting their ancestral land across generations into the future is their collective resolve.

“It is only right to fight for our land. This land is our life and identity — without it, the Ayta Hung-ey will not survive.”

**Article originally published [here](#).*



The Marcos-IMF-WB economy: How do we leave it behind?

Dr. Rene Ofreneo | Freedom from Debt Coalition

In a recent article timed for the commemoration of the February 25 Edsa Revolt, President Cory's finance officers—DOF Secretary Jesus Estanislao and Central Bank Governor Jose Cuisia — claimed that they “undid Marcos economy.” They described the Marcos economy as one characterized by inefficiency and where one had a hard time getting a phone, water from the tap and dollars for travel. But due to the twin programs of “economic liberalization” and “deregulation” since 1986, the consumer horror stories on phone, water and dollars are no more. Accordingly, the economy has been moving forward and upward. They credit such progress to the support extended to the post-Edsa governments by the World Bank, IMF, ADB and other creditor institutions. Hence, their plea: “Let's not go back.”

But have we really left the Marcos economy? What exactly was the nature of the economy in place in the authoritarian decade of the 1970s and the crisis decade of the 1980s? And have we really progressed due to economic liberalization and deregulation?

On the last question, Secretary Estanislao and Governor Cuisia should sit down with the leaders of the 100 plus farmer organizations and 200 plus organic-producing municipalities who have succeeded in asking the Senate to defer the ratification decision on the Regional Comprehensive Economic Partnership (RCEP). The farmer leaders and mayors have a different take on economic liberalization and deregulation based on their collective painful experience under the trade liberalization program of the World Trade Organization (WTO), which was ratified by the Senate in 1994. Also, more recently, they saw the horrible impact on rice farmers of the 2019 Rice Tariffication Act, which is essentially a

rice trade liberalization program. Overall, it is difficult to find a farmer constituency for economic liberalization and deregulation.

Incidentally, the implementation of the twin programs of economic liberalization and deregulation began in 1980-1982, as part of the “structural adjustment program” developed by the IMF and the World Bank for the Philippines and other heavily-indebted countries such as Argentina. The SAP program carried a long list of “policy conditionalities” such as removal of support for domestic industrial and agricultural producers, including “restraint” on the wage increase demand of the workers. The overall SAP thrust was the general opening up of the economy through trade/investment liberalization, economic deregulation and privatization, and the “chopping off of the visible hand of government.” This free-trade SAP framework became popularly known as the “Washington Consensus,” largely due to the global advocacy for free trade and privatization by US President Ronald Reagan and UK Prime Minister Margaret Thatcher.

In the early 1980s, SAP was grudgingly accepted by the beleaguered Marcos regime, which saw the SAP's adverse impact on Marcos cronies and their businesses. However, the Corazon Aquino administration had no problem accepting and even deepening the SAP's implementation for, after all, the Marcos cronies were the ones who stood to lose most in the early post-Edsa years.

The trouble is that SAP did not only hit the Marcos cronies. It devastated the real or productive sectors of the economy, specifically domestic manufacturing and domestic agriculture. The head of the

national industry association, Fred Elizalde, openly complained about the harshness of the SAP's austerity and interest deregulation programs. DA Secretary Arturo Tanco also expressed deep reservations because the SAP's “agricultural deregulation” program posed a direct threat to the DA's “Masagana 99” and other crop production programs.

The point is that the economy in the authoritarian decade of the 1970s was a complex one. It is way too easy to say that it was a “Marcos economy” and that the twin programs of economic liberalization and deregulation swept this economy away. The reality is that the economy did grow in the 1970s and this was due largely to several factors, foremost of which were the following: 1) continuing expansion of the import-substituting industrial (ISI) sector, which started in the post-war decades of the 1950s and 1960s, 2) debt-driven infrastructure development similar to the build-build-build program of President Duterte, and 3) growth of the agricultural sector.

On debt-driven infra development, this was the main reason for the country's rapid accumulation of debt in the 1970s. Debt rose from \$2 billion to over \$20 billion in a decade. Shortly after the imposition by President Marcos of martial law in September 1972, the World Bank declared the Philippines as “an area of concentration.” Subsequently, the World Bank and the IMF formed the Consultative Group of Creditor for the Philippines (CGCP), which coordinated the lending programs for the country involving the bilateral, multilateral and even private international creditors.

A major area of World Bank intervention in the 1970s was the propagation of the Green Revolution technology developed by the IRRI based in Los Baños. All-out support was given to the efforts of the martial-law government in the distribution of high-yielding IRRI seeds, irrigation development and so. But in the SAP decade of the 1980s, support to the Masagana 99 farmers was

suddenly withdrawn, leading to widespread bankruptcies in the farm sector.

Another contributor to the growth process was the export-oriented industrial (EOI) sector, which the Marcos western-educated economic technocrats, Gerardo Sicat et al., tried hard to promote through various incentives such as income tax holiday, duty-free raw material importation and development of special economic manufacturing zones, e.g., Bataan export processing zone. Electronics assembly and sewn garments production prospered.

As to the Marcos cronies, their businesses indeed expanded tremendously in the martial law years. Their acquisition appetites are well documented in the books of Ricardo Manapat (Some Smarter Than Others, Alethia Publications, New York, 1991), Primitivo Mijares (The Conjugal Dictatorship, reprinted by Ateneo de Manila U) and a number of scholars. The Marcos cronies feasted in acquiring assets in the power, telecom, plantation, cigarette, construction, auto and other sectors.

The problem is that over time, after the Edsa Power Revolt, the Marcos cronies have been replaced or eclipsed by the cronies of the post-Edsa administrations—the so-called KKK tribe “kabarkada, kamag-anak at kabarilan.” The new cronies have discovered that there are new business empires to be built on deregulated and privatized power, telecom, water, construction and other sectors.

Meantime, the country experienced severe de-industrialization and de-agricultural development under SAP in the 1980s-2000s. As documented by the Fair Trade Alliance and the Federation of Philippines Industries, a large number of industrial enterprises collapsed. These include those in the textile, pulp and paper, wood-based, steel, rubber and tire, shoe, tile, battery, pharmaceutical, cement, plastic and petrochemical industries. On the other hand, the EOI manufacturing has remained an enclave, dominated by

electronics doing low or middle assembly work for the global value chains of multinationals. The EOI's garments sector, which was once upon a time a big employer, wilted at the turn of the millennium.

As to the agricultural sector, this was hit by three waves of agri trade liberalization sans any accompanying or supporting agricultural modernization program. The three waves: "agricultural deregulation" in the 1980s, WTO tariffication in the 1990s and rice tariffication/import liberalization at present.

Given the foregoing phenomena of de-industrialization and de-agricultural development, the Philippines, number two to Japan in the 1960s, was left behind by its Asian neighbors (South Korea, Taiwan, Singapore, Malaysia, Thailand, Indonesia and now Vietnam) in the SAP decades of

the 1980s-1990s-2000s. Thus, for Secretary Estanislao and Governor Cuisia to write that the Philippine economy today is much healthier and that the Filipino people today are much better off because of economic liberalization and deregulation clearly defies logic.

And we are not talking yet of the high, very high cost of servicing the debt left behind by the Marcos regime. In her address to the Joint Session of the US Congress in 1986, Madame Corazon Aquino declared that she was "honoring" the entire debt. Today, after four dec des of back-breaking servicing of this debt, the country is facing once more the possibility of another debt crisis similar to what flattened the country in the mid-1980s.

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