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SCAN ME

INSIDE

****** Cover Photo: The Song Do Convention Center (at night), the host venue for the ADB Annual Meeting 2023.***


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TRACKING DEVELOPMENT BANKS' COVID-19 RELIEF: AT THREE AND A HALF YEARS AND BEYOND

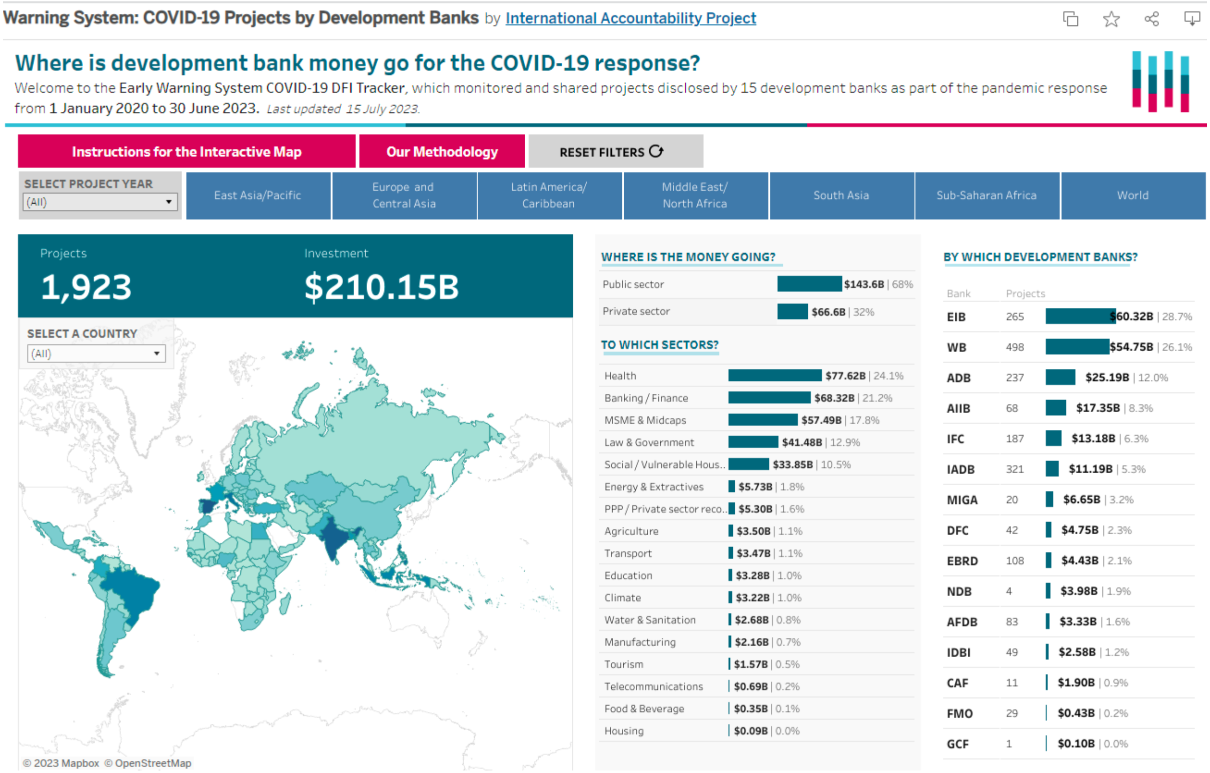
JOCELYN SOTO MEDALLO, INTERNATIONAL ACCOUNTABILITY PROJECT (IAP)

In 2020, the Early Warning System pivoted to tracking the development banks' COVID-19 pandemic relief investments, as a response to the urgent needs of civil society and community partners who sought transparency around the billions of dollars committed to pandemic relief.

With thanks to our many partners who have supported this work, we are wrapping up our regular updating of the COVID-19 DFI Tracker after 3.5 years. The data will still be publicly available and we encourage you to explore the data which provides financing trends by region, development bank, sector and the recipient of the funds (whether the direct recipient was the public sector or private sector). You can read more about our methodology and access the Tracking the COVID-19 Response Toolkit. Civil society and community organizations can sign up to access the Early Warning System database for project updates, including any new pandemic relief projects.

As IAP has documented over the last 3.5 years, many of the COVID19 pandemic relief projects were proposed as part of a rapid disbursement or "fast track" modality, with a swiftness that the scale and speed of the pandemic required. However, this came with trade-offs on accountability: Projects were often approved with shorter preparation times, with less environmental and social due diligence, with less fiscal transparency and with substantial limitations on stakeholder consultations — that is, communities were less likely to be meaningfully consulted and provided clear opportunities for engagement and project monitoring. Given the banks' track record, pre-pandemic, on meaningful consultation and engagement, this was a low bar. (Read our assessment of the disclosure practices and policies of the IDB Invest; the European Bank for Reconstruction and Development; the New Development Bank; the United States International Development Finance Corporation; and the African Development Bank.)

The objective was clear: to sift through and track this information in real time, bridging the gap in transparency and accountability and distribute this information to support wider advocacy. To do so, we created the only centralized and public civil society platform to provide both granular-level project documentation and top-level analysis of COVID-19 financing: the COVID-19 DFI Tracker regularly aggregated information on disclosed pandemic relief projects by 15 of the most influential development banks in the world. Project level information was distributed by the Early Warning System team to civil society organizations most likely to be impacted. The Early Warning System team also shared project information with our networks of civil society and community groups through 30 webinars and online trainings, including during the African Coalition for Corporate Accountabiltiy's General Assembly to launch the Coalition for Human Rights in Development report, Unhealthy silence: Development banks' inaction on retaliation during COVID-19 and with Arab Watch Coalition on their webinar Tracking of COVID-19 Financing and Affected Communities' Access to Information. The work informed partners' own analysis of and advocacy on their governments' response to the pandemic. Through direct one-on-one meetings, project by project outreach and webinars, the International Accountability Project and the Early Warning System team supported partners in accessing and using the data.



From 1 January 2020 to 30 June 2023, for three and a half years, the COVID-19 DFI Tracker identified over 1,900 investments financed by 15 development banks globally, surpassing $210 billion dollars in aid. As the COVID-19 DFI Tracker has illustrated, these investments are in every region and in virtually every sector and industry. While many investments expectedly went to governments to strengthen their health response to the pandemic and to provide support for education, substantial resources — approximately 32 percent of all funds tracked — were directed to private actors to mitigate losses and liquidity issues arising from the pandemic. Additionally, even some public sector recipients of financing funneled funds through financial intermediaries or provided support to private sector development. (Sort the data and access relevant project information by clicking on public sector or private sector in the COVID-19 DFI Tracker.)

In a collaborative global research project, a collective of more than 20 groups in 20 countries — members and partners of the Coalition for Human Rights in Development — came together to develop a series of national level case studies by to underscore the role and failings of the development bank-funded pandemic responses in the report Missing Receipts. Missing Receipts found, among other findings, that both development banks and governments failed to track and communicate this data accurately, if at all, and that a disproportionate amount of funds went to the private sector. Using these findings, partners engaged the United Nations Special Rapporteur on the Right to Development and called on development banks and investors to show their receipts for pandemic relief.

During this time, we also supported various evidence-based advocacy with partners, and in so doing, attempted to pry open the black box on pandemic funding and project implementation. For example,

with partners Institute of Socioeconomic Studies and Instituto Maíra in Brazil, the data was used in a report, available in Portuguese and English, that showed how development bank funds during the first year of the pandemic were not properly focused on the most at-risk populations and only poorly related to projects concerned with climate and environment issues. The Network of Communities Impacted by International Financial Institutions, a Latin American and Caribbean-based community-led network, published a declaration, requesting direct reparation for damages caused by these investments and attention to the deepening of the impacts caused by the COVID19 crisis (available in Spanish and Portuguese). We worked with Saglyk, a partner monitoring public health in Turkmenistan, to engage with the Government of Turkmenistan and the World Bank to raise concerns about the absence of stakeholder engagement around the World Bank's pandemic relief project. We supported partners in tracking investments in the South Caucasus and Central Asia (also available in Russian), as well as partners in Kyrgyzstan with interactive data visualizations on COVID-19 financing. (Read more about our approach to the evidence-based advocacy around pandemic relief here.)

So what now? Again, the COVID-19 DFI Tracker will remain public to support any ongoing advocacy and research. In the coming months, we will be debuting 2 new initiatives: a global energy tracker and an interactive map of factory farming investments, which is part of the Stop Financing Factory Farming campaign.

As always, civil society and community organizations can sign up to access the Early Warning System database for project updates, including any new pandemic relief projects.

GREENING SOUTH ASIA: A BLUEPRINT FOR A RAPID & EQUITABLE ENERGY TRANSITION

JEN DERILLO, NGO FORUM ON ADB

In the picturesque setting of Kathmandu, Nepal, an inspiring gathering of South Asian civil society representatives and international allies took place from July 12th to 14th, 2023. The three-day-long South Asia Energy Colloquium marked a pivotal moment in the region's history as leaders came together to address critical issues surrounding the environment, human rights, and social justice.

The **South Asia Just Transition Alliance (SAJTA)** emerged as a powerful voice during the event, advocating for a rapid and just transition towards a greener future in South Asia. This collective Position Paper, adopted on July 14th, 2023, outlines SAJTA's vision for a sustainable, equitable, and inclusive energy transition that puts people and the environment at the forefront.

Setting the Stage

South Asia is a region of diverse cultures, histories, and landscapes. It is also one of the most vulnerable regions to the adverse impacts of climate change. As acknowledged by the Paris Agreement, South Asian countries are committed to limiting the global temperature increase to 1.5°C above pre-industrial levels. This commitment is essential to mitigate the severe consequences of climate change, which disproportionately affect underprivileged communities, indigenous peoples, and those who rely on natural resources.

Challenges and Concerns
The Position Paper from SAJTA highlights several concerns and challenges faced by the region:

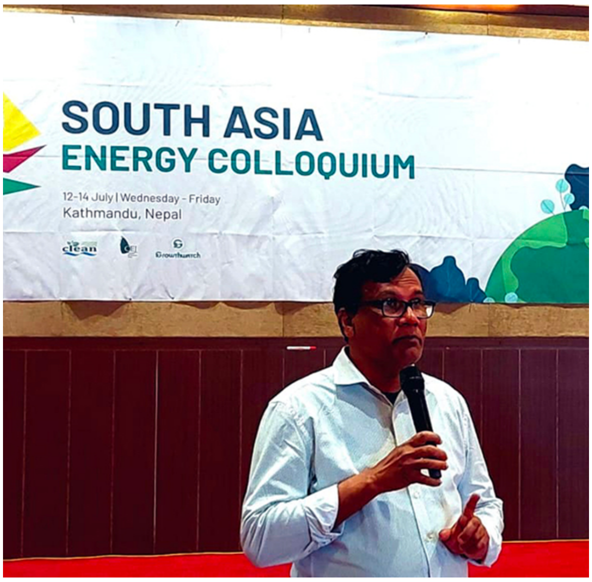
- **Predatory Financing:** SAJTA condemns the destructive financing by Multilateral Development Banks (MDBs) and Export Credit Agencies (ECAs), including those linked to initiatives like the Belt and Road Initiative (BRI) and Bay of Bengal Industrial Growth Belt (BIG-B).

- **Fossil Gas Promotion:** The alliance strongly opposes the promotion of fossil gas, especially Liquified Natural Gas (LNG), as a transitional fuel, considering its climatic and economic consequences.

- **Energy Import Dependency:** SAJTA calls for an end to energy import dependency, including cross-border energy trade, to alleviate the pressure on foreign currency reserves and maintain regional integrity.

- **Greenwashing Technologies:** The Position Paper expresses concerns about unproven and expensive technologies, such as liquid hydrogen, ammonia, and carbon capture and storage (CCS), which may lock the region into unsustainable long-term energy dependency on imported fuels.

- **Large Hydropower and Mining:** SAJTA emphasizes the adverse environmental, social, and cultural impacts of large



hydropower, geothermal, Waste-to-Energy (WTE), and mining for primary energy and renewable energy materials.

A Vision for a Rapid and Just Transition

SAJTA's Position Paper outlines a comprehensive vision for a rapid and just transition in South Asia, with key recommendations and demands:

- **Fossil Fuel-Free Energy:** Urging governments and institutions to stop financing fossil fuel-based energy projects, including subsidies and tax exemptions.
- **Joint Actions for Air Quality:** Encouraging joint efforts to combat air pollution and implement climate-friendly policies, emphasizing meaningful consultations and information disclosure to the public.
- **Green Tax:** Advocating for the imposition of a Green Tax or Carbon Tax on excessively emitting industries, directing funds towards green transition.
- **Community-Owned Renewable Energy:** Promoting decentralized community-owned mini- & micro-grid renewable energy systems to achieve energy sovereignty.
- **Regional Cooperation:** Proposing multilateral cooperation for a decarbonized South Asia by 2050, strengthening the regional green grid and mobilizing resources for renewables.
- **Transparency and Accountability:** Ensuring full disclosure and effective participation, aligning all propositions with the Paris Agreement, IPCC recommendations, and the Sustainable Development Goals (SDGs).

The Position Paper from SAJTA represents a significant step towards a greener, more equitable future for South Asia. By addressing issues of finance, technology, and social inclusion, the alliance offers a comprehensive roadmap to guide governments, institutions, and communities toward a rapid and just energy transition. As the world grapples with the challenges of climate change, South Asia's commitment to sustainable development stands as an inspiring example for regions across the globe.

TO ADB: MAKE PRIVATE CORPORATE SECTOR A FOLLOWER, NOT LEADER, IN PEOPLE'S DEVELOPMENT

ELLENOR JOYCE BARTOLOME, FREEDOM FROM DEBT COALITION

In May 2023, the Freedom from Debt Coalition (FDC) attended the 56th Annual General Meeting of the Asian Development Bank (ADB) held in Incheon, South Korea. The FDC welcomed the efforts of the ADB organizers to open the meeting to a host of civil society organizations (CSOs). After all, the theme of the ADB's meeting – Rebounding Asia: Recover, Reconnect, and Reform – requires a whole-of-society development approach, one that involves all social sectors such as the trade unions, micro-small-medium businesses, farmers' organizations, private corporations, and so on.

We also welcome the efforts of the ADB's social department to include the updating of the Social Policy Safeguards (SPS) of the Bank as a major item in the Incheon meeting. The NGO Forum on ADB, an Asia-wide network of CSOs, has been engaging the ADB on how the Bank and its partner governments and private builders can put people's lives and interests' priority considerations in the design and implementation of development projects such as roads, bridges, dams, and so on.

As our FDC President, Dr. Rene E. Ofreneo, put it: the Bank should go beyond making rhetorical statements on the importance of labor, environmental, and social safeguards in the implementation of any Bank-supported project. There should be concrete policy guidelines in place such as having full, frank, and sustained consultation with the host communities affected by any project. The Philippines is replete with documented stories on how social safeguards were ignored by ADB-JICA-World-Bank-supported big dam builders as they wiped out whole villages and uprooted the indigenous peoples from their ancestral lands in pushing roughshod for their "approved" projects.

Another issue raised by the FDC is the failure of the ADB to align its lending operations fully or completely with the UN Framework on Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change (Paris Agreement), both of which were adopted by the Bank as its guide in the formulation of its Vision 2030. Accordingly, the "ADB's vision is to achieve a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty."

An example of the absence or lack of alignment in the visioning-implementation process was the failure of the ADB to stop the funding of the GHG-emitting power plants after it embraced the Paris Agreement, which the UN Member States adopted in 2015 as part of the UN's campaign to stop global warming. And yet, in 2016-2020, the Bank was involved in the building of a number of big coal-fueled plants across Asia. In 2021, it declared an end to coal funding, only to shift its focus on the development of gas-fired power plants, which are equally damaging to the Planet in terms of GHG emissions. This is why the NGO Forum is asking: is the ADB's "energy transition" program simply a transition from one GHG-emitting program to another?

Now that another ADB-led Asia Clean Energy Forum (ACEF) took place from June 13-16 here in the Philippines, another problem in their visioning-implementation process has been raised by FDC: the corporate-led transition in the energy sector is clearly a false solution amidst calls to stop support on fossil fuels and end the support for unsustainable carbon and resource-intensive energy projects. The Bank's obsession not only to rely on the big private infra builders to finance and implement the various ADB-supported projects but also to allow the big corporate sector to take the leadership in the formulation, designing, planning, financing, and implementation of the various ADB projects. In fact, more and more "unsolicited proposals" advanced by the local business conglomerates and their foreign partners are being accepted by the Bank and their Asian government partners in the name of "public-private partnership (PPP)."

Through the decades, "development finance," as propounded by the ADB, World Bank, and other international financial institutions (IFIs), has been reduced to a program of more and more reliance on private financing and implementation. Thus, not surprisingly, in the Incheon ADB meeting and in the World Bank's spring meeting 2023, the focus of development finance is the all-out privatization of almost everything. The government and the broad citizenry have been transformed into passive witnesses in economic development that is now managed and controlled by the big private corporate sector.

The social downsides of extreme reliance on privatization are unmistakably huge. A classic example is the privatization of the Philippine power sector in 2001 based on the study and advice of the ADB and World Bank. The Electric Power Industry Reform Act (EPIRA) was enacted based on the promises of the authors that the "unbundling" of the sector and the "privatization" of the transmission, generation, distribution, and "spot marketing" of the sector would deliver cheaper, efficient, and sustainable power supply to the benefit of the citizenry, MSMEs, and the entire business community.

Now, two decades after the enactment of EPIRA, the Philippines holds the distinction of having the most expensive electricity in Asia (in some years second to Japan), not to mention the unreliability of electric supply (which nearly damaged the operations of the NAIA this year) and failure of EPIRA to finish the electrification of the country (with many islands and remote provinces still relying on expensive diesel-run plants).

The major gainers in the EPIRA privatization program are the big private companies which are able to secure monopolies in the management of power transmission, generation, distribution, and "spot marketing" of the whole electricity system of the country. The high cost of power is the number one reason why the Philippines is unable to attract domestic and foreign investors in its stagnant manufacturing sector (note Vietnam's power cost is at least 40% lower). Incidentally, the EPIRA privatization solution was simply a continuation of the terrible "privatization" solution launched by the government in the 1990s – the all-out reliance on a constellation of private "independent power producers" (IPPs), which were promised guaranteed returns and payments to the power that they generated then, whether used or not.

To sum up, what the FDC is saying: economic development requires a whole-of-society approach, one that relies on the all-out support of the different sectors in the promotion and implementation of programs and projects based primarily on the advancement of people's welfare. Yes, private businesses, including the big corporate actors, can participate in these projects. But they should not lead nor dominate in the crafting and implementation of economic programs and projects. The big corporate sector should be a follower, not a leader, in economic development, which entails the involvement of all social sectors.

It is high time for the ADB to re-vision its concept of economic development and overhaul its program of all-out reliance on privatization as a solution to many social and economic problems bedeviling its Asian government partners. People First!

Article originally published in Rappler.


56th ADB
ANNUAL
MEETING
2-5 MAY 2023
INCHEON, REPUBLIC OF KOREA
FIZA QURESHI


GAS CAUSES SERIOUS HEALTH IMPACTS TO PEOPLE AND PLANET!
ADB: CANCEL PUBLIC DEBTS ARISING FROM YOUR FOSSIL FUEL PROJECTS!

UNCOVERING ASIA'S FOSSIL FUEL LEGACY: A CLOSER LOOK AT AIIB'S ROLE IN THE 'ADB AND AIIB FOSSIL FUEL AND GAS LEGACY IN ASIA' REPORT

In an era where climate change and environmental sustainability have become paramount global concerns, the role of financial institutions in shaping the future of energy infrastructure cannot be underestimated. Two such financial giants, the Asian Development Bank (ADB) and the Asian Infrastructure Investment Bank (AIIB), have come under scrutiny in a comprehensive report titled 'ADB and AIIB Fossil Fuel and Gas Legacy in Asia.' This report, a collaborative effort between various advocacy groups, explores the environmental and social consequences of fossil fuel projects funded by AIIB in key Asian countries, including Thailand, the Philippines, Pakistan, and Bangladesh. Let's delve into the findings of this report and understand how these institutions have shaped Asia's energy landscape.

A Tale of Fossil Fuel Investments

The report, 'ADB and AIIB Fossil Fuel and Gas Legacy in Asia,' takes us on a journey through the landscape of energy investments made by ADB from 2009 to 2018. Surprisingly, it reveals that ADB's total investment in "clean" energy nearly equals its investment in fossil fuels concerning committed resources and total capacity. The energy sector, comprising both clean and fossil fuel investments, constitutes the top sector of ADB's investments, totaling a staggering USD 68,114 million. These investments have made up 29% of all committed resources over the past nine years. Clean energy, despite being on the rise, is yet to surpass fossil fuel investments, a concerning revelation in the face of the climate crisis.

A Disturbing Balance

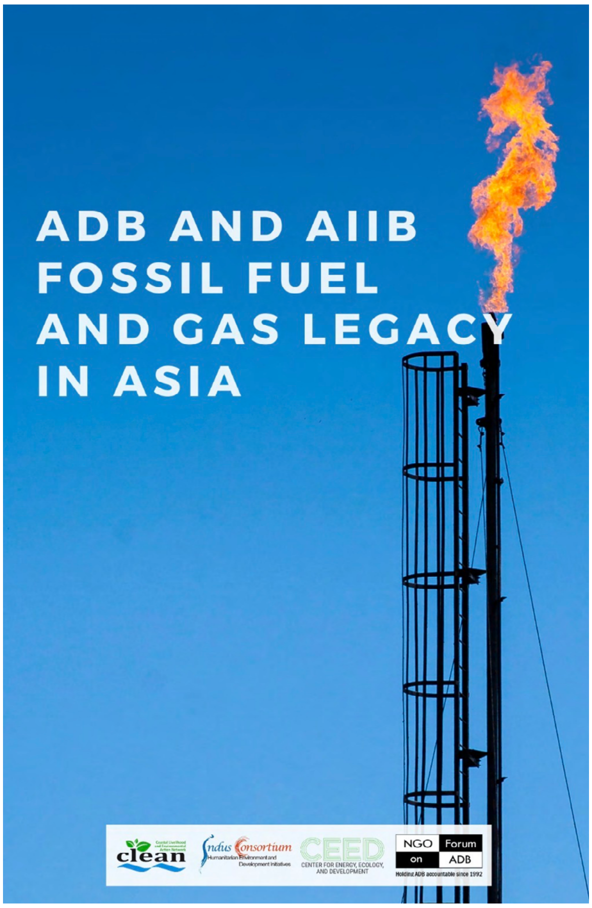
When we look at the number of funded projects by sector, the energy sector ranks third, behind Public Sector Management and Transport and Information and Communication Technology. The ADB's 2009 Energy Policy, which has guided its investments, has consistently supported high-carbon development projects. Although only 19% of ADB's energy generation projects are fossil fuel-based, these projects constitute 50% of the total installed capacity. This discrepancy between the number of projects and installed capacity raises important questions about the impact of ADB's energy investments.

Justifying Fossil Fuel Projects

The report outlines several justifications cited for carbon-intensive projects under ADB's 2009 Energy Policy. These include improving the efficiency of fossil fuel-based power plants, ensuring reliable and affordable energy, commercializing the coal sector, and funding marginal and already proven oil fields. While ADB's intentions may have been to provide access to energy for all, the report suggests that the environmental and social costs of these investments cannot be overlooked.

AIIB's Fossil Fuel Legacy

The report then shifts its focus to AIIB, which began its operations in 2016. Despite AIIB's branding as a "Lean, Clean, and Green" bank, it has been increasingly involved in funding fossil fuel projects. Of the 36 energy projects approved by AIIB from 2016 to March 2022, 11 were fossil fuel-reliant. This includes



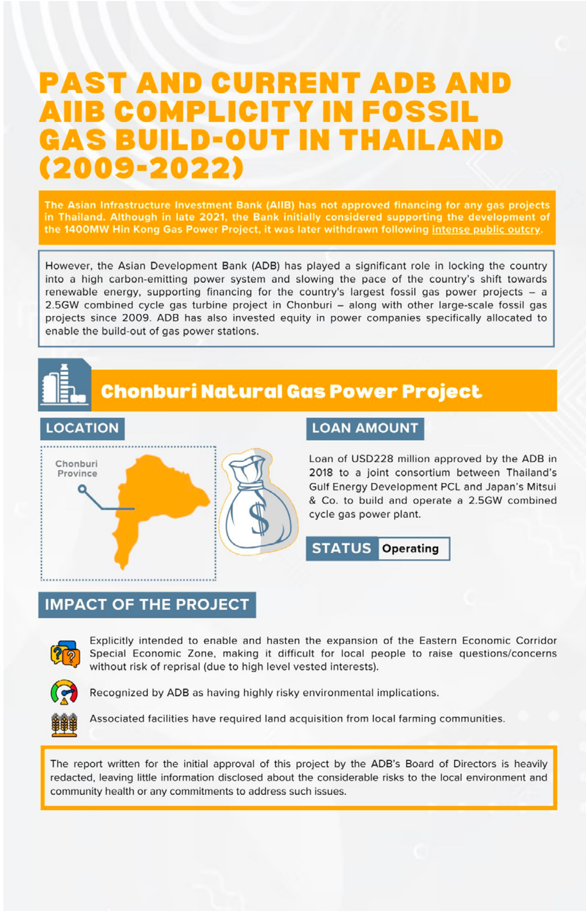
support for oil and gas plants, fossil gas-fired generation projects, and infrastructure related to fossil fuel transportation.

Fossil Gas's Impact

One of the major concerns raised in the report is the environmental impact of fossil gas. Fossil gas emits carbon dioxide and methane, both potent greenhouse gases, which contribute to global warming. Additionally, the emissions associated with the transport of Liquified Natural Gas (LNG) further compound the problem. In a world striving for carbon neutrality, these emissions are counterproductive.

The Case for Renewable Energy

The report underscores the importance of transitioning to renewable energy sources. The falling costs of wind and solar energy have disrupted the traditional business model for gas in the power sector. Wind and solar technologies are not only cleaner but also more cost-effective for replacing coal-fired power. The report argues that investments



PAST AND CURRENT ADB AND AIIB COMPLICITY IN FOSSIL GAS BUILD-OUT IN THAILAND (2009-2022)

The Asian Infrastructure Investment Bank (AIIB) has not approved financing for any gas projects in Thailand. Although in late 2021, the Bank initially considered supporting the development of the 1400MW Hin Kong Gas Power Project, it was later withdrawn following intense public outcry.

However, the Asian Development Bank (ADB) has played a significant role in locking the country into a high carbon-emitting power system and slowing the pace of the country's shift towards renewable energy, supporting financing for the country's largest fossil gas power projects – a 2.5GW combined cycle gas turbine project in Chonburi – along with other large-scale fossil gas projects since 2009. ADB has also invested equity in power companies specifically allocated to enable the build-out of gas power stations.

Chonburi Natural Gas Power Project

LOCATION

Chonburi Province

LOAN AMOUNT

Loan of USD228 million approved by the ADB in 2018 to a joint consortium between Thailand's Gulf Energy Development PCL and Japan's Mitsui & Co. to build and operate a 2.5GW combined cycle gas power plant.

STATUS Operating

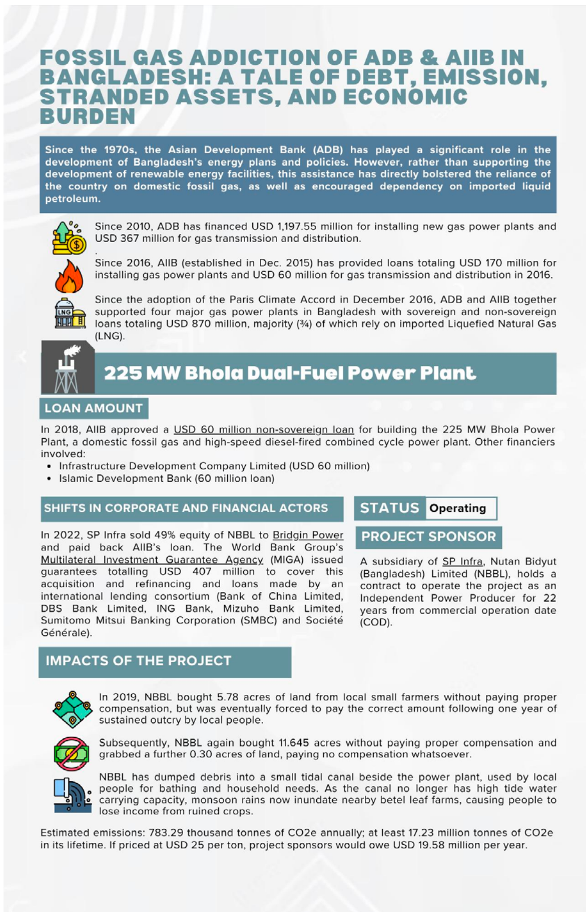
IMPACT OF THE PROJECT

Explicitly intended to enable and hasten the expansion of the Eastern Economic Corridor Special Economic Zone, making it difficult for local people to raise questions/concerns without risk of reprisal (due to high level vested interests).

Recognized by ADB as having highly risky environmental implications.

Associated facilities have required land acquisition from local farming communities.

The report written for the initial approval of this project by the ADB's Board of Directors is heavily redacted, leaving little information disclosed about the considerable risks to the local environment and community health or any commitments to address such issues.



FOSSIL GAS ADDICTION OF ADB & AIIB IN BANGLADESH: A TALE OF DEBT, EMISSION, STRANDED ASSETS, AND ECONOMIC BURDEN

Since the 1970s, the Asian Development Bank (ADB) has played a significant role in the development of Bangladesh's energy plans and policies. However, rather than supporting the development of renewable energy facilities, this assistance has directly bolstered the reliance of the country on domestic fossil gas, as well as encouraged dependency on imported liquid petroleum.

Since 2010, ADB has financed USD 1,197.55 million for installing new gas power plants and USD 367 million for gas transmission and distribution.

Since 2016, AIIB (established in Dec. 2015) has provided loans totaling USD 170 million for installing gas power plants and USD 60 million for gas transmission and distribution in 2016.

Since the adoption of the Paris Climate Accord in December 2016, ADB and AIIB together supported four major gas power plants in Bangladesh with sovereign and non-sovereign loans totaling USD 870 million, majority (¾) of which rely on imported Liquefied Natural Gas (LNG).

225 MW Bhola Dual-Fuel Power Plant

LOAN AMOUNT

In 2018, AIIB approved a USD 60 million non-sovereign loan for building the 225 MW Bhola Power Plant, a domestic fossil gas and high-speed diesel-fired combined cycle power plant. Other financiers involved:

- Infrastructure Development Company Limited (USD 60 million)
- Islamic Development Bank (60 million loan)

SHIFTS IN CORPORATE AND FINANCIAL ACTORS

In 2022, SP Infra sold 49% equity of NBBL to Bridgin Power and paid back AIIB's loan. The World Bank Group's Multilateral Investment Guarantee Agency (MIGA) issued guarantees totalling USD 407 million to cover this acquisition and refinancing and loans made by an international lending consortium (Bank of China Limited, DBS Bank Limited, ING Bank, Mizuho Bank Limited, Sumitomo Mitsui Banking Corporation (SMBC) and Société Générale).

STATUS Operating

PROJECT SPONSOR

A subsidiary of SP Infra, Nutan Bidyut (Bangladesh) Limited (NBBL), holds a contract to operate the project as an Independent Power Producer for 22 years from commercial operation date (COD).

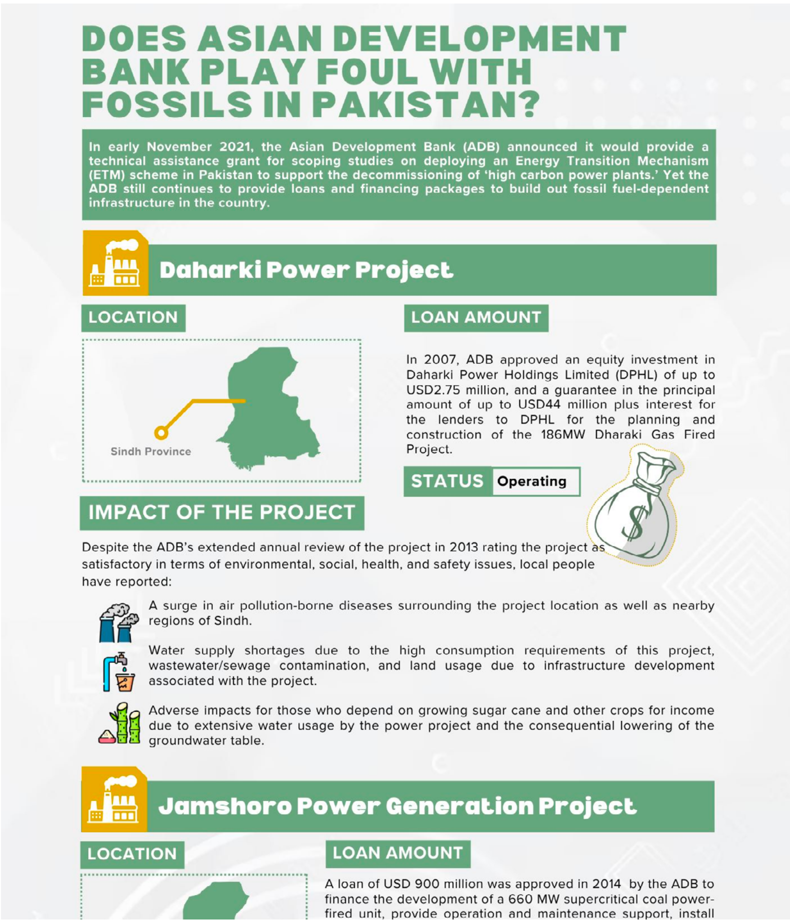
IMPACTS OF THE PROJECT

In 2019, NBBL bought 5.78 acres of land from local small farmers without paying proper compensation, but was eventually forced to pay the correct amount following one year of sustained outcry by local people.

Subsequently, NBBL again bought 11.645 acres without paying proper compensation and grabbed a further 0.30 acres of land, paying no compensation whatsoever.

NBBL has dumped debris into a small tidal canal beside the power plant, used by local people for bathing and household needs. As the canal no longer has high tide water carrying capacity, monsoon rains now inundate nearby betel leaf farms, causing people to lose income from ruined crops.

Estimated emissions: 783.29 thousand tonnes of CO2e annually; at least 17.23 million tonnes of CO2e in its lifetime. If priced at USD 25 per ton, project sponsors would owe USD 19.58 million per year.



in gas-fired power plants and infrastructure represent a long-term commitment to emissions from gas, which is incompatible with global climate goals.

As the climate crisis escalates, the report highlights the urgency for both ADB and AIIB to reevaluate their energy investments. The new Energy Policy introduced by ADB in 2021, while taking steps to limit coal power financing, retains provisions for gas and oil funding. The report argues that to align with the Paris Agreement and the recommendations of the latest IPCC Assessment Report, fossil gas investments must be curtailed. Instead, the focus should shift to expediting renewable energy development as a sustainable, long-term solution to the climate crisis. The role of financial institutions like ADB and AIIB in shaping Asia's energy landscape is pivotal, and their choices will have lasting consequences for the environment and society. It is essential for these institutions to adapt to the evolving energy landscape and prioritize sustainable and clean investments. The future of Asia, and indeed the world, may depend on it.

HISTORY 101: DEBT-DRIVEN GOVERNANCE UNDID THE ADMINISTRATION OF FERDINAND MARCOS SR.

RENE E. OFRENEO, FREEDPM FROM DEBT COALITION

We join Senators Koko Pimentel, Risa Hontiveros, Imee Marcos and Bato de la Rosa who expressed concern over the ballooning national debt and who are questioning the PBBM administration's excessive reliance on borrowings to cover the country's widening fiscal deficits. The economic team of DOF Secretary Ben Diokno revealed staggering debt numbers for 2024: total national debt to reach P15.8 trillion (or more than P3 trillion over the P12 trillion accumulated by the government by the end of 2021), with 11.6 percent (P670 billion) of the national budget going into interest payments.

However, the true government spending for 2024 is bound to exceed the P5.76 trillion national budget because the "automatic" government allocations for principal payments, which are usually not reflected in the proposed budget, are estimated to be over P1.2 trillion. Under the unrepealed Presidential Decree 1177 of President Ferdinand Marcos Sr., the government is mandated to set aside, automatically, payments for both interest and principal regardless of the burdensome impact on the economy and the people of such payments. Hence, for 2024, the true budgetary spending would be around P6.9 trillion, with debt payments accounting for nearly one-fifth of the total. In the past four decades (1986-present), there were years when "dutiful debt servicing" exceeded 50 percent of the national budget and the total government revenues. With the debt-to-GDP ratio now standing at 61 percent and prospects of accelerated growth uncertain, this automatic debt servicing law will be an albatross around the neck of the Philippine Republic.

Senator Koko Pimentel rightfully warned that the escalating national debt would burden every Filipino with a debt load of P141,000. Senator Bato de la Rosa quipped that the Philippines should produce more babies because a bigger population means a lower debt per capita.

The reality is that debt is a life-and-death issue for the nation. In 1980-1982, the unpayable debt accumulated by the martial-law government of President Ferdinand Marcos Sr. triggered a banking crisis and an economic RECESSION. In 1983, the government defaulted on its debt payments. This led to a crisis in the letters of credit, runaway peso devaluation, capital flight, bankruptcies of factories and businesses, and massive surge in poverty and joblessness. The 1980-1982 Recession became a full-blown DEPRESSION in 1983-1985.

Not surprisingly, the debt-economic crisis in the first half of the 1980s fueled mass unrest throughout the archipelago. Waves of workers' strikes, often without any permits, hit the NCR and the urbanized regions (Central Luzon, Calabarzon, Metro Cebu and Southern Mindanao). The Church, Makati business groups and the "silent" middle forces rose from slumber and began agitating for political-economic reforms and yes, regime change. Eventually, the economic-political crisis became a national conflagration with the assassination of returning opposition leader Benigno Aquino on the Manila International Airport tarmac. The economic-political crisis culminated in the Edsa People Power uprising in February 1986 and the relocation of the Marcos family in a safe haven in Hawaii.

Do PBBM and his family remember the debt-economic-political crisis of the 1980s? Do they understand that the policy of excessive reliance on borrowings managed by the technocrats played a central role in triggering the economic recession-depression, which led to the collapse of the economy and the administration of Ferdinand Marcos Sr., the father of PBBM? Have they studied the bad performance of the economy under a debt-driven economic program of the technocrats?

If so, they should be extra wary of the way Secretaries Ben Diokno, Arsenio Balisacan and Amenah Pangandaman are engineering and justifying a debt-driven economic program similar to what Ministers Cesar Virata and Gerardo Sicat, with the support of the IMF-World Bank, did in the 1970s. The latter were warned in the late 1970s that the country was over-borrowing and was becoming heavily dependent on external loans. The external debt of $2 billion in 1972 ballooned into $20 billion in 1980-1981. The answer then of Ministers Virata and Sicat: The growth of the economy, fueled by debt and development assistance from the country's creditors, would make the debt situation sustainable. This is eerily similar to what Secretaries Diokno and Balisacan are saying today: Every peso borrowed by the government is an investment for economic expansion.

How sure is the PBBM economic team that the economy will boom under their debt-dependent economic program?

Right now, we are not seeing robust growth happening. The economy still has to fully return to its pre-pandemic level. Many businesses around the country, especially small and medium enterprises, are either closed or are barely surviving. As everyone knows, agriculture is in shambles. Manufacturing, touted by ILO and UNCTAD as the more reliable creator of decent jobs, remains stuck at a low level of development. It is mainly the service sector that is growing, propped up by OFW remittances and earnings from the call center/BPO (which is now in a growth plateau).

As outlined above, the economy is a picture of mal-development. It is an economy that has no industrial and agricultural legs to stand on. Since 1995, the country has become a net agriculture-importing country, unable to produce enough food for its people. Since the 1980s, there has been an erosion (dubbed by economists as the "hollowing out" phenomenon) of the country's industrial base. As a result of the foregoing, the informal economy has become the main catch basin for the country's work force. A study by Dr. Emily Cabegin of the UP School of Labor and Industrial Relations shows that 82-83 percent of the employed are "informal," meaning workers with limited incomes, limited job security and limited social and legal protection.

The reality is that the above pattern of Philippine economic development—industry-less, agriculture-less and remittance-dependent—is the outcome of the debt-driven economic program pursued by the economic technocrats from the administration of Marcos Sr. to that of Duterte. This debt-driven program is tied to the neo-liberal policy framework favored by the IMF-World Bank and the technocrats, which is heavily focused on opening up wholesale the economy to free-trade globalization, waiting for FDI to come in and lead the economic transformation and relying on debt to finance infra and other needs of the country. Yes, the general opening up of the economy happened. However, FDI came in trickles and together with the local taipans, went into the non-tradeables such as real estate, importation-distribution and other service industries. The dream of the Virata-Sicat tandem and their successor technocrats

that the Philippine economy would be a global export dynamo like its Asian neighbors never happened. Instead, the country got trapped (from the mid-1970s to the present) at the World Bank category of a "middle-income developing country." It also got trapped in a vicious cycle of dependence on borrowings and "dutiful servicing" of debts.

Now, will the Diokno-Balisacan team be able to change the above pattern of debt-driven development? Is the continuing surge in borrowings not putting the Republic at risk given the uncertainties devouring the global economic order (e.g, Ukraine war, de-dollarization being embraced by a growing number of countries, Africa's revolt against continuing neo-colonial schemes by European powers, deepening China-US trade conflict, BRICS enlargement, and so on)?

Does the Maharlika Investment Fund, which Prof. Philip Medalla said will create more indebtedness for the nation, fly amidst these uncertainties?

NGO Forum on ADB
La Residencia Bldg, 114 Maginhawa, Diliman, Quezon City, 1100 Metro Manila
Philippines
www.forum-adb.org