IMF–WB Spring Meetings met with protest in DC, Asian cities

The IMF and the World Bank (IMF-WB) held their Spring Meetings in Washington DC amidst an ever-worsening debt crisis, most harshly felt by 3.3 billion people living under governments that spend more on interest payments than education or health.

For many decades until today, the IMF-WB, with the backing of rich countries, have been at the forefront of shaping an international financial architecture that systematically enables the transfer of wealth to the North, perpetuating a deepening cycle of indebtedness, poverty, inequality and environmental degradation in Global South countries. Today, these international financial institutions continue to persist in pushing loans as the solution to crises.

“For eight decades, the IMF-WB has been instrumental in shaping an international financial architecture that systematically extracts the wealth of the Global South, perpetuating a cycle of indebtedness, poverty, and environmental degradation,”

-Lidy Nacpil, APMDD Coordinator

“Then and now, they are major actors in exacerbating both the climate and debt crisis, as they persist in fossil fuel lending and in pushing more loans for climate action. She added: “...the IMF and World Bank have not lifted a finger to compel the participation of commercial and private lenders in public debt reduction, knowing the heavy burden that this represents for developing countries. They have also never owed up to their responsibility for the damaging impacts of their loans, from propping up corrupt, repressive regimes and violating human rights to fueling the climate emergency”.

Demanding accountability and reparations from the IMF–WB for deepening the debt catastrophe

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Reiterating the call for the cancellation of public debts of the South, APMDD member-organizations marched in the streets of the US capital and in several Asian cities on April 19. The mobilizations stressed in particular, that debts for fossil fuel projects are illegitimate and called for their cancellation and a stop to further fossil fuel lending.

**Washington, DC**

Activists from organizations such as the Freedom from Debt Coalition, Philippine Movement for Climate Justice, ORIANG, ZOTO, and Bukluran ng Manggagawang Pilipino bore placards and streamers that called for “Reparations not loans!” in light of the aggressive push for Global South countries to increase borrowings to fund climate action. The call for reparations payment stands on the strength of historical analysis that the IMF-WB has promoted and maintained the net transfer of resources from the Global South to the Global North and that the debts being claimed from Southern peoples have, in truth, been paid many times over.

**Philippines**

More than 200 activists in the Philippines, hailing from grassroots organizations, took to the streets with the call for debt cancellation. They aimed to convene at the Finance Department where the IMF holds its office, but were blocked by a phalanx of anti-riot police.

A program was nonetheless held in the vicinity, with representatives from APMDD, FDC and other peoples’ organizations calling for “Deep, wide, and urgent debt cancellation”. They criticized decades-long IMF and World Bank policies, which have perpetuated cycles of poverty and environmental degradation, worsening existing debt crises.

Highlighting the hypocrisy of the Bretton Woods institutions meeting in Washington DC, activists pointed out that the IMF and World Bank advocate for debt relief while exempting themselves from participation in (minimal) debt reduction efforts and still failing to hold private lenders accountable.
Nepal

Activists, youths, women, indigenous peoples, CSOs, small farmers, forest user groups and wage workers conversed near the World Bank office, Nepal calling for non-debt creating, dedicated, timely, sufficient, accessible, fair, equitable and unconditional finance for climate action aligning with the principle of social and climate justice. The action was led by Digo Bikas Institute.

The rallyists held up banners and placards with key messages, among them, No to Climate Loans, No to Loans for Climate Actions, Cancel Illegitimate Debt in the Global South! Representatives from the different sectors shared their experiences and demands regarding these issues. It was followed by reading out the Citizens Demand Letter and its signing by rally participants. A few representatives reached out to the World Bank office in Nepal and handed over the Citizens Demand Letter. Different media houses covered the action.

Pakistan

In Lahore, around 80 activists from the Pakistan Kissan Rabita Committee (PKRC) and Labor Education Foundation (LEF) staged a protest outside the Press Club demanding “deep, wide and urgent debt cancellation” for Pakistan.

Pakistan’s mounting debt burden was a key concern for the protestors. They argued that a significant portion of this debt is not only unsustainable but also illegitimate, and hinders the country’s ability to invest in crucial areas like education, healthcare, and infrastructure. The protestors specifically denounced the “fossil fuel debt nexus”, highlighting how loans tied to these unsustainable energy sources restrict Pakistan’s path toward a cleaner future.

Furthermore, they called for the cancellation of any illegitimate debts, which may have been incurred due to unfair lending practices or corruption.

Pakistan is one of the countries most impacted by IMF surcharges. These are extra fees levied on top of the IMF’s regular interest rates for loans exceeding a certain size or outstanding for an extended period. Which results in an increased burden of debt. Pakistan could be paying around $142 million annually due to IMF surcharges. This is a significant amount for a developing nation.
Bangladesh

On the eve of the Spring Meetings, close to a hundred protesters gathered at the National Press Club in the capital city of Dhaka demanding cancellation of all foreign debts that compromise and threaten the people’s interests. They represented the Bangladesh Krishok Foundation (BKF), Coast Foundation, Waterkeepers Bangladesh and the Center for Participatory Research and Development.

Badrul Alam of BKF, who heads the country’s largest farmers’ organization, said in a message of solidarity sent to the rallyists that currently Bangladesh’s foreign debt stands at around $100 billion but has recently increased due to an additional $4.7 billion provided by the IMF as part of a stabilization package. Typical of an IMF loan, conditionalities include raising Value Added Tax (VAT), cutting subsidies for the power sector and increasing prices of fuel and electricity. Alam said that each of these conditions is directly and indirectly a serious blow to the lives and livelihood of the people. He also said that Bangladesh’s public debt redounds to Rs.63000 ($754.15) per capita. Yet, Bangladeshi citizens receive little in terms of public services. He pointed out that all the debts working against the interest of the people must be considered illegitimate, and must be canceled.

Presided over by BKF General Secretary Zayed Iqbal Khan, the rally addressed agenda items of the IMF-WB spring meetings, including global economic recovery, sustainable development, climate change and financial stability. President of Bangladesh Krishok Federation Badrul Alam, Director of Coast Foundation Mustafa Kamal Akand, Executive Director of CPRD Shamsuddoha, Waterkeepers Bangladesh member Mamun Kabir, Al Imran on behalf of CPRD, AAM Fayez Hossain, General Secretary of Bangladesh Sramic Federation, Lovely Yasmin, General Secretary of Joy Bangla National Sramic Federation, Samsul Alam, Vice President of Bangladesh Landless Samiti, Rehana Begum, Vice President of Bangladesh Krishok Federation, Baharane Sultan Bahar, President of Jago Bangla Garments’ Workers’ Federation and Ferdous Ara Rume, Joint Director of Coast Foundation.

Mustafa Kamal Akand, Director of COAST, said that most of the foreign debt incurred by Bangladesh were contracted in the name of people’s development. However, there is no systematic mechanism to consult with the people and obtain their consent. This violates democratic principles. He called for debt governance reforms, especially the observance of democratic rules in lending and borrowing policies.

CPRD executive director Shamsuddoha said that Bangladesh Bank’s foreign currency reserve has been exhausted. The government has taken huge loans from various financial institutions. Extreme looting is going on in the banking system. Thousands of crores of Taka (the Bangladesh currency) and assets are being smuggled abroad. All these are obstacles for healthy economic development. In such a situation, he called for canceling the foreign debt imposed on the people.

They further echoed the call for canceling all foreign loans against public interest, to stop investment in fossil fuel and demanded the transition to 100% renewable energy.
Sri Lanka

Protesters gathered in the Sri Lankan capital of Colombo to call out austerity conditionalities attached to the IMF’s bailout loan negotiations with the government. Running counter to IMF reports of progress, reports of hunger and unemployment continue to rise as electricity prices skyrocket. Sri Lanka is the first Asian country to default on its public debt during the pandemic.

Previously, CSOs and trade unions condemned the IMF consultations as ‘cosmetic’, as the odious debts incurred by the previous administration and the call for debt cancellation of these illegitimate debts have been ignored.

"The failure of the IMF-WB to provide effective pathways out of the debt crisis is the reason why developing countries like Sri Lanka are in debt distress," said Dilena Pathragoda, Executive Director of the Centre for Environmental Justice (CEJ) based in Colombo.

IMF conditionalities imposed on Sri Lanka for the IMF bailout, such as market pricing of energy, subsidy cuts, increases in indirect taxes and cuts to social welfare have caused poverty rates to soar. According to the World Bank, an estimated 25.9 percent of Sri Lankans were already living below the poverty line in 2023. Poverty had been rising since 2019, from 11.3 to 12.7 in 2020, adding over 300,000 new poor in that period. From 2021 and 2022, this doubled, resulting in an additional 2.5 million people falling into extreme poverty in 2022.

Indonesia

Activists gathered at the city center of Yogyakartan last April 19 with placards and streamers calling for debt cancellation without conditions and rejecting loans to fund climate action. The public action was led by Koalisi rakyat untuk hak atas air (KRuHA), the People’s Coalition for the Right to Water.

Indonesia’s relationship with the Bretton Woods institutions is marked by features seen in other Asian client regimes of the IMF-WB. Both financial institutions sustained their lending to the Suharto dictatorship despite widespread reports of political repression and other human rights violations. They also contributed in fueling the climate crisis by bankrolling environmentally destructive massive projects that catered to corporate interests while dislocating communities. Through vigorous campaigning, Indonesian civil society succeeded in reversing the privatization of Jakarta’s water facility, one of several loan conditionalities imposed as part of Structural Adjustment programs.
For many decades until today, the IMF-WB, with the backing of rich countries, have been at the forefront of shaping an international financial architecture that systematically enables the transfer of wealth to the North, perpetuating a deepening cycle of indebtedness, poverty, inequality and environmental degradation in Global South countries. Read the full statement here.

Fossil Fuel Debts Are Illegitimate and Must Be Cancelled

by Lidy Nacpil, APMDD Coordinator

Many countries in the Global South are burdened with huge public debts. These rising debts are a drain to public resources that are urgently needed for sustainable development programs, and further pressure Southern governments to prioritize debt service over climate actions.

Global South countries allocate more funds for debt service – 65% in lower income countries and 14% in lower-middle-income countries – than the combined budgetary spending for education, health, and social protection.

Included among the public debts of Global South countries are those from projects tainted with fraud and whose negative impacts on people, economies and the planet far outweigh the benefits, if any. Furthermore, many debts arose from projects that did not involve democratic consultations nor the free, prior and informed consent of affected communities including indigenous peoples.

Prime examples of these debts are those arising from or related to fossil fuel projects. These debts should be seen and treated as illegitimate.

For several decades, international financial institutions and public finance institutions have lent hundreds of billions of dollars to Southern governments to support fossil fuel energy projects. Many of the loans extended by the World Bank, Asian Development Banks (ADB), and other public finance institutions such as the Japan Bank for International Cooperation (JBIC), remain part of the current outstanding public debts.

These decisions, commitments and policy shifts should be taken as acknowledgement of their co-responsibility in the promotion of fossil fuels and the harms fossil fuel projects have caused on people, communities, the environment and climate systems. Continue reading on page 7
Owing up to their co-responsibility for fossil fuel projects and their impacts, and consistent with their avowed commitments to combat climate change, governments and public financial institutions, including international financial institutions, should cancel all outstanding public debts that arose from fossil fuel projects. These outstanding debts may be transformed into grants for renewable energy systems.

The same can be said for private banks, financial and investment institutions and corporations that have lent to governments for fossil fuel projects. Many have also recognized fossil fuels as main drivers of climate change and have shifted their policies towards reducing or phasing down their lending and investments in coal and fossil fuels.

From April 17 to 19, the IMF and the World Bank (IMF-WB) will hold their Spring Meetings in Washington D.C. These meetings take place amidst an ever-worsening debt crisis, most harshly felt by 3.3 billion people living under governments that spend more on interest payments than education or health.

A new report released on the eve of the meetings has found that climate spending could bankrupt developing countries due to huge debt costs and called for debt forgiveness for countries most at risk. The report from the Debt Relief for Green and Inclusive Recovery Project (DRGR) found that the 47 developing countries would hit external debt insolvency thresholds in the next five years if they invested the necessary amounts to hit 2030 Agenda and Paris Agreement goals. Developing countries will pay a record $400 billion to service external debt this year, and 47 of them cannot spend the money they need for climate adaptation and sustainable development without risking default in the next five years.

It is deplorable that the IMF-WB continues to push loans as the solution to multiple crises facing development countries, including loans for climate action. At the height of the COVID-19 pandemic, when financial resources were most urgently needed, they supported and promoted the debt relief schemes of the G20 and Paris Club for the mere postponement of debt payments. These have all but proven flawed and futile. The suspended payments fall due in 2025, by which time debt accumulation will have sped up even more. Private and commercial lenders, who now hold over 60% of sovereign debt, remain free to refuse participation in debt reduction.

Total public debt, domestic and external, reached $92 trillion in 2022, increasing five-fold since 2000. Southern governments account for almost one-third of the total debt and are accumulating debt much faster than their richer counterparts. The number of countries with public debt levels exceeding 60% of GDP continues to rise, from 22 in 2011 to 59 in 2022. Long-term public external debts alone of low- and middle-income countries, excluding China, amount to a staggering $3.3 trillion.

The consequences of WB projects coupled with IMF neoliberal
Fossil Fuel Debts Are Illegitimate...

policies have been devastating vulnerable communities in the Global South. Large-scale infrastructure projects financed by WB led to displacement of communities, loss of livelihoods and destruction of ecosystems, and in the process, deepened inequality and impoverishment. Its fossil fuel subsidies and project loans impacted communities already struggling to survive economic hardships and environmental degradation. It also continues to subsidize the fossil fuel industry through direct and indirect financing, estimated at $885 million in 2022 and at least $194 million in 2023.

The World Bank and the IMF, now on their 8th decade of committing to fight poverty, have yet to account for loans that are clearly illegitimate and must be canceled outright, without any condition, and for harsh loan conditionalities that have deepened inequality and impoverishment.

Read the full Op-Ed here: RAPPLER CLIMATE HOME NEWS

APMDD, CS FfD Mechanism Stress – Grants Not Loans to Finance Climate Action

During the ECOSOC FfD Forum, an intervention was delivered by APMDD and the Civil Society Financing for Development Mechanism through Mae Buenaventura during the interactive discussion under Panel 6 on Debt and Debt Sustainability last April 24.

Excellencies,

Good morning. My name is Mae Buenaventura, working with the Asian Peoples’ Movement on Debt and Development and speaking today on behalf of the Civil Society Financing for Development Mechanism.

We note with concern that little/no attention has been given to increasing lending for climate action when there should be an increase in grants, in line with the principle of common but differentiated responsibilities. International financial institutions such as the World Bank have lent billions of dollars to Global South governments for fossil-fuel energy projects. Many of these loans remain part of outstanding public debts, and which add to the debt service burdens of climate-threatened countries.

There is already clear consensus among governments and many public financial institutions that fossil fuel energy is the main driver of climate change. The Conference of Parties summits as well as the G7 and G20 summits have called for transitioning away from fossil fuels and committed to phasing out subsidies. Owning up to their co-responsibility in promoting fossil fuels, and consistent with their avowed commitments to combat climate change, governments and public financial institutions should cancel all outstanding public debts that arose from fossil fuel projects. Funds freed from debt service may then be transformed into grants for renewable energy systems. It is only just to assert that climate finance should not be debt-creating; the Global South must not be forced to take on more debt to pay for a crisis it did not create. Thank you.

For further readings: The Complete Toolkit: An Introductory Guide to Financing for Development
UN-hosted multilateral legal framework on debt pushed anew at FfD Forum

APMDD joined network partners last April 24 in holding a side event during the ECOSOC Forum on Financing for Development in New York City. Part of the activities organized by the Civil Society Financing for Development Mechanism (CS FfD), the session called for greater ambition at the 4th Financing for Development Conference slated for 2025, specifically on the urgent need for democratically and substantively resolving increasingly burdensome public debts.

“The current ad-hoc and creditor-centric international initiatives to address debt resolution are insufficient. It is therefore urgently necessary to change gear beyond theatrical discussions on debt sustainability and establish a multilateral legal framework under the auspices of the UN,” said the sponsoring organizations.

The event was jointly organized by Latindadd, Eurodad, Afrodad and APMDD, all members of the CS FfD Mechanism network.

A Briefer on Public Debt is out now! To read in full click here.