IFIs in Climate Financing

Risk of Debt Burden

11 May 2023

IFIs; Our Trusted [!!!] Development Partners

IMF, International Monetary Fund

World Bank

- **IBRD International Bank for Reconstruction and Development**
- **IFC, International Finance Corporation**
- **IDA, International Development Association**

ADB, Asian Development Bank.

AIIB, Asian Infrastructure Investment Bank etc.



Role of IFIs

Lead to Neo-liberal and Globalization to capture the market with resources.

Approach/Strategies of economic globalization

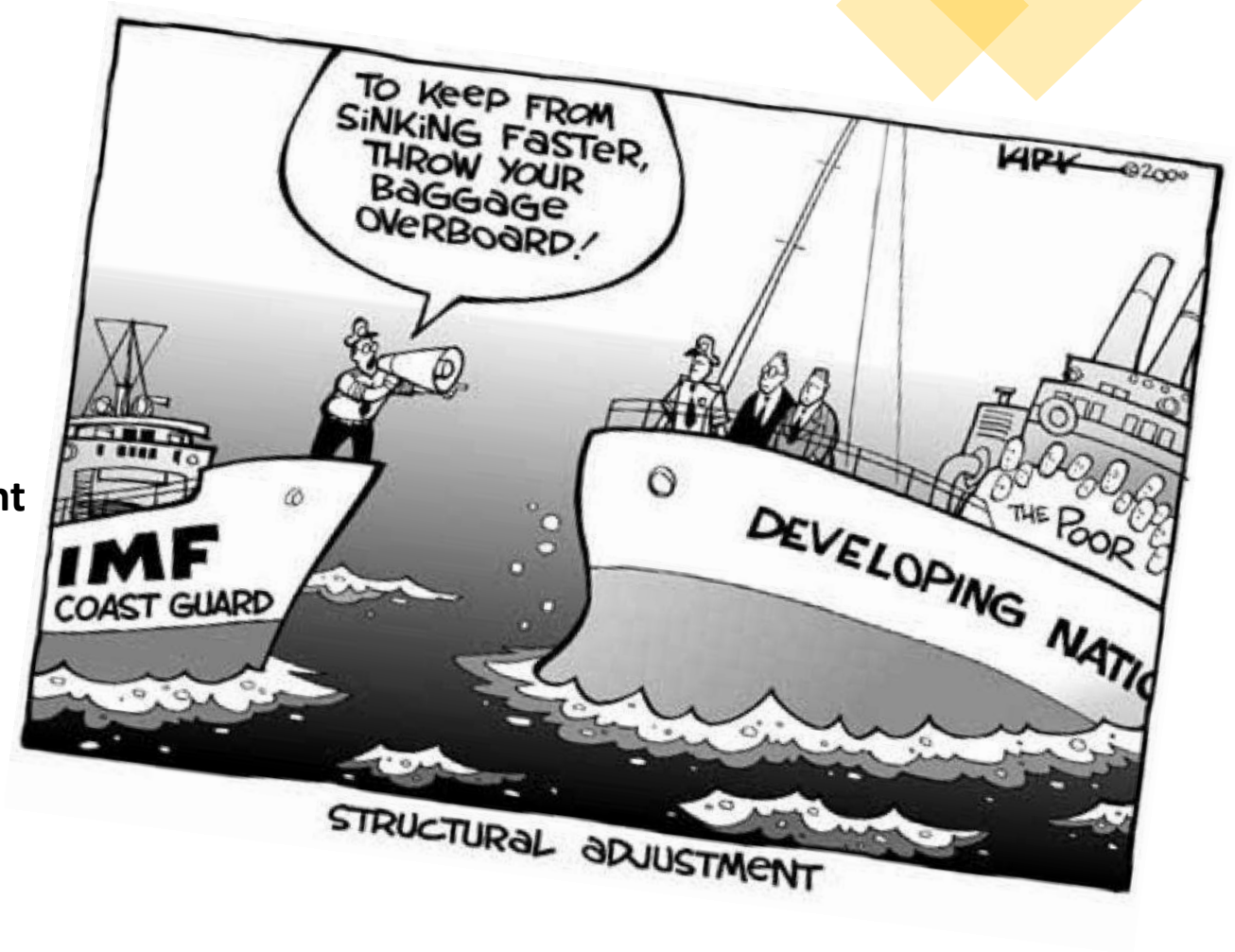
The rapid growth of cross-border economic activities takes five principal approach:

i. **International Trade**
ii. **Foreign Direct Investment [MNCs]**
iii. **Capital Market for Resource Flow**
iv. **Migration (Movement of Labor) and**
v. **Diffusion of Technology.**



Bangladesh was force to adopt the neo-liberal economic process through SAP as loan conditon.

- **Privatization of SoEs**
- **Opening the market and ensure free access**
- **Reducing subsidies to pro poor development sectors.**
- **Expansion Tax and VAT**



IFIs Investment [Loan/FDI] sector in LDCs and developing countries

- Infrastructure development
- BoP process and stabilization [to transfer profit by MNCs]
- Policy Reform and Regulation [Enabling privatization and FDI]
- Capacity Building [loan/grant for capacity building]
- Then other pro-poor development sectors as complementary



Impact of IFIs intervention

Country has been facing with increasing debt burden

Debt in 1972	140.65 million	
Debt in 1980	3.80 billion	
Debt in 2000	15.60 billion	
Debt in 2010	26.57 billion	
Debt in 2020	73.50 billon	[26% of GDP]
Debt in 2021	91.42 billon	
Debt in 2022	96.22 billon	[21% of GDP]

https://www.macrotrends.net/countries/BGD/bangladesh/external-debt-stock



How Climate Change created momentum for IFIs

In the last two decades [year 2000 onward] the slow pace of growth [1-3% or sometime negative growth] has made a challenge for Developed countries to their economic sustainability.

So that new instrument required, and developed countries and their allies come froward with climate issues.



CoP Outcome is a new global instrument for business and profiteering for IFIs.

Specific measure is obscure in major three issues

i. **Reducing global warming. [Phase out instead of ending fossil fuel and without common consensus]**

ii. **Adaptation [Denied the responsibilities]**

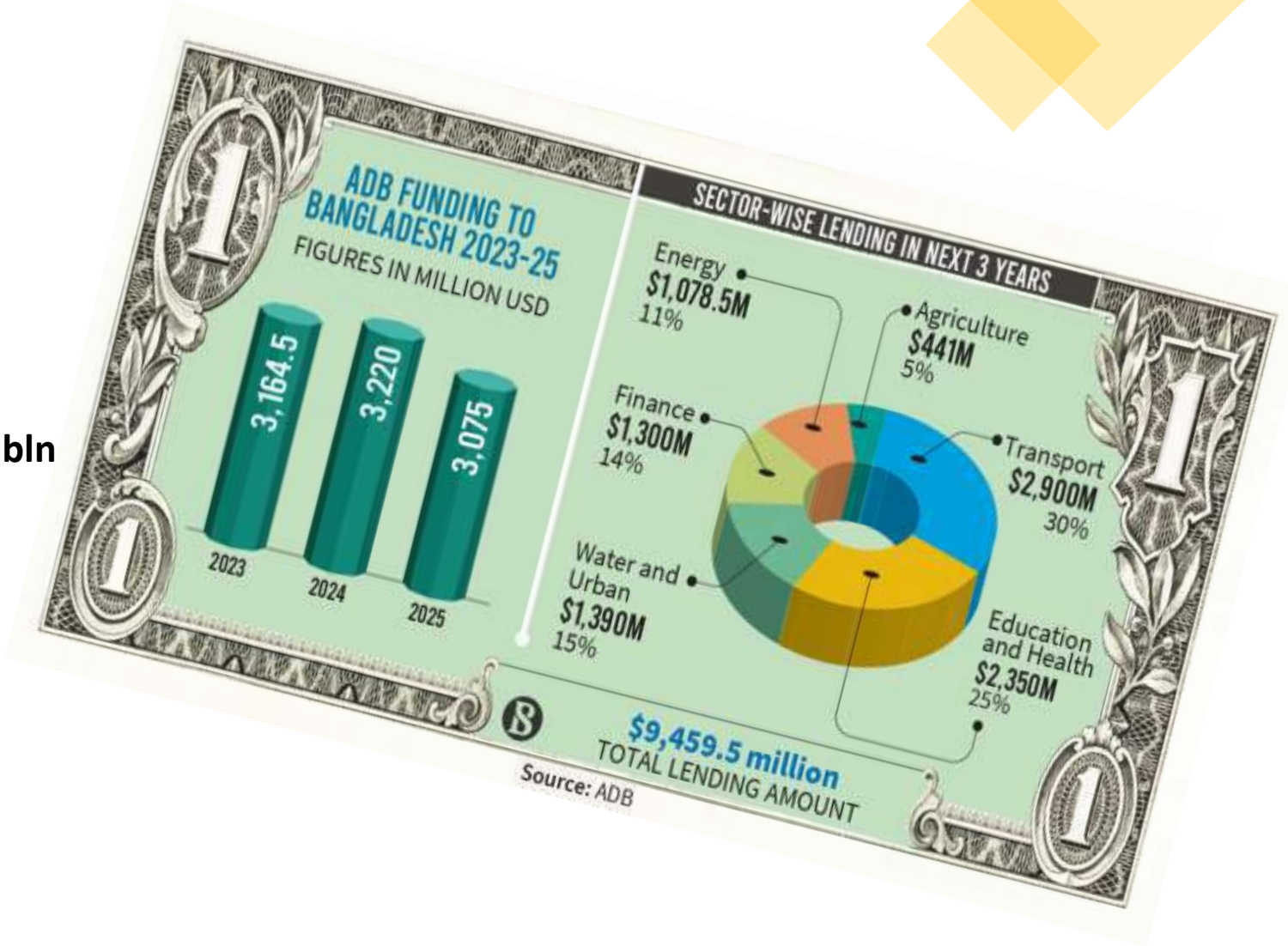
iii. **Finance and Technologies.**

Fighting climate change will be require huge level of investment and transformed technologies. So that the IFIs got scope and will dominate the issues.



Financing strategies of IFIs for climate action

ADB	**USD 100 billion up to 2030.**
WB	**USD 26-31 billion /year [31.9 bln in FY 22].**
AIIB	**USD 120 billion [planned].**
IMF	**USD 482 billion [RSF Fund]**



How the LDCs/Developing countries will affect the IFIs financing Strategies

CoP Decision and obligatory actions for LDCs / Developing countries

- Prepare NDC and its implementation
- Prepare NAP for Adaptation finance
- Implementation of Country owned plan [8FYP, Delta Plan, MCPP etc.]



Financial Requirements for climate: A Debt Trap for BD

Strategic Plan	Goal/Target	Yearly Financing plan [in Cr.]	Observation
BCCSAP 2009	Adaptation capacity	**8,500 /yr.**	Plan need to update
Delta Plan 2100	Achieve long-term adaptation and resilient capacity	**2,97,800 by 2030** **33,000 / yr.**	60 project will be implemented by 2030.
NDC 2021	Estimated 21% GHG reduction by 2030	**30,700 / yr.**	Only to achieve unconditional target
NAP 2050	Achieve Adaptation capacity	**25,800 / yr.**	Plan drafted
MCPP 2021-30	Build Adaptation and resilient capacity	**85,000/yr.**	
Total Financing/ yr. [Required]		**1,83,000 Cr.**	**3.3% of DGP**
Climate Financing at Present [Op. & Dev. cost]		**30,500 Cr.**	0.69% of GDP
Climate Financing at Present [Only Dev cost]		**17,234 Cr.**	**0.38% of GDP**

Will CF be able to facilitate to Justice ???

The Policy prepared itself with injustice issues

CoP Agreement [PA] has articulated the injustice issues

i. **Denied the responsibilities for CC**

ii. **No compensation articulated**

iii. **Displacement issues diluted, and survival issues are trying to shift to MVCs with their own effort.**

iv. **Shifting the liabilities with responsibilities to MVCs [article 6].**

v. **Obscure and inadequate financing and profiteering.**



Thank You


You're Inspiration for us... you're a successful economic leader.
Thank God! Sunak at least didn't draw political inspiration from her!