

Coca-Cola Pakistan Turns its Back on Multi-million Dollar World Bank Loan - What Have They Got to Hide?

Saturday 3 July 2010, by [IUF](#) (Date first published: 2 July 2010).

On May 28, the website of the International Finance Corporation (IFC), the World Bank's private sector lending arm, announced that Coca-Cola Beverages Pakistan Ltd (CCBPL) had applied for a USD 60 million loan. The loan sponsors were CCBPL's two owners, the Atlanta, USA-based Coca-Cola Company (TCCC) and Coke's bottler for Pakistan and the Middle East, Coca-Cola Icecek (CCI), based in Turkey.

According to the announcement, "IFC would be providing access to long-term capital that are (sic) otherwise unavailable to support the growth and development of a viable private sector entity in Pakistan." Under IFC procedures, loans are formally approved within 30 days after being posted to their site unless challenged on specific grounds by relevant organizations. Any IFC loan is subject to an assessment under IFC social and environmental "Performance Standards" addressing the applicant's social and environmental record and the project's likely impact. A formal challenge can be made based on these standards.

If they're still planning to invest, the applicant and their sponsors evidently found other sources of "unavailable" capital. How do we know this? Having informed both TCC and CCI of the IUF's intention to challenge the loan application owing to the company's serial violations of basic rights at their Multan plant [[1](#)], the IUF did in fact make an official complaint to the IFC, backed by substantial documentation - only to be told that CCBPL had withdrawn its application!

Companies like IFC loans. They come with favorable terms - lower interest and a longer payment schedule than what's generally available on capital markets. That's good, because it can boost a credit rating, free up cash for dividends and share buybacks and facilitate the search for still more loans on easier terms.

So why would Coke walk away at the last minute from USD 60 million on easy terms? Were they worried their claims to meet the Performance Standards couldn't withstand IFC scrutiny once the IUF filed its formal complaint? In response to the IUF complaint, the IFC would have needed to revisit its evaluation of the loan application and particularly the degree to which the applicant respected its standards. If CCBPL's labour rights record was so grossly at odds with the company's claims, what else about the operation might emerge from an IFC investigation? The potential risks were apparently sufficiently troubling for Coke's Pakistan bottler CCBPL to turn its back on the IFC money.

CLICK HERE TO SEND A MESSAGE TO THE COCA-COLA COMPANY AND THEIR BOTTLER COCA-COLA ICECEK (CCI) to tell them that violence, dismissals and pressure on workers to prevent trade union rights and recognition are criminal acts!:

http://www.iuf.org/cgi-bin/campaigns/show_campaign.cgi?c=514

Footnotes

[1] See on ESSF: [The Pause that Represses: Coca-Cola Pakistan Greet New Union with Death Threats, Abduction, Extortion and Dismissals](#)