

CIVIL SOCIETY REFLECTIONS ON AIIBS 5TH ANNUAL MEETING (VIRTUAL) 2020

In the opening statement at this year's AIIB annual general meeting, President Jin Lique stated- *"We are supporting climate change commitments. We are cooperating across regions. We are discovering new ways to increase connectivity and strengthen economies. We are striving to build a world that is financially, socially, environmentally, and economically sustainable."* As civil society observers, we recognize this pledge and hope that AIIB will live up to this commitment. In terms of social sustainability, AIIB has struggled to meaningfully include critical voices from local communities and civil society into its planning and project design over the past 5 years of its operations. This has led to a direct project impact on the environment, climate change, and communities. This digital annual meeting continued without any participation from civil society and reflects the lack of attention to the voices on the ground.

Consequently, civil society groups have listed the following issues which missed focus in the annual meeting and need the Bank's urgent attention:

Public Health

The annual meeting sessions did not unpack the social and economic impacts surrounding the ongoing coronavirus crisis. Borrowing governments due to enforcing quarantine protocols were facing rising inequality, unemployment, social unrest compounded by the overall climate vulnerability within which the AIIB is looking to operate. Without discussing the national context the annual meeting signaled a disconnect in messaging from the 'current development need' thesis. The annual meeting sessions also showed a significant gap in representation from borrowing governments. The panels were mostly led by the private sector and AIIB management, while they are important stakeholders, they do not encompass the key drivers (government, civil society, academics, experts, etc.) of development at the national level. On this note the AIIB has approved several COVID19 emergency relief loans for Bangladesh, India, Indonesia since April 2020, the under-representation of these governments in the AIIB Annual Meeting begs to question how the loans have been structured and how they are being distributed.

On the issue of health, only President Jin Lique mentioned in his closing session the need for investing in public healthcare, unfortunately, the 2-day sessions had moved past into a post-COVID-19 recovery outlook, without discussing the scale and depth of the pandemic impact. The AIIB should have used its Annual Meeting platform to further scrutinize the current public health systems and discuss gaps and needs towards public health care access for the most vulnerable.

Climate Change, Paris Alignment and the Asia Climate Bond

Unfortunately, AIIB is far from its climate goals as the past trend of energy investments has been dominated by fossil fuels especially gas, and GHG emitting large hydropower plants¹. There was a notable sentiment around climate action where Sir Danny Alexander, Vice President and Corporate Secretary of the AIIB, highlighted the banks have not and will not invest in coal.

On the issue of Paris alignment, there was not much detail provided by the AIIB on the Climate Change Framework (mentioned during sessions), and not much was said about the climate impact of the COVID-19 recovery loans. While the AIIB did not give a clear indication of how it will meet the Paris Alignment; strong commitments on meeting Paris goals came from Ms. Zou Jiayi, Vice Minister of the Ministry of Finance of the People's Republic of China.

In the session on Climate Finance, Amundi was showcased as a strategic partner of AIIB around Green Finance and its Asia Climate Bond initiative. The Asia Climate Bond itself was discussed in overly simplified terms. While some details were provided on Cat A and Cat B type investors (Cat A being ticked as fulfilling 3 climate standards and B meeting 1 out of 3; the standards needed much further elaboration during the session). Also, not much was said on how the Asia Climate Bond fund would manifest into actual projects and financing for borrowers trying to meet NDCs. This raises the concern on whether the proposed standards makes way for more fossil gas projects and make allowances for risky nuclear power generation to be considered green.

Information disclosure: No information, no participation

Over the years civil society groups from all over the world have struggled to engage AIIB and its borrowers in meaningful consultation. The issue is further compounded with AIIBs lack of time-bound information disclosure on projects notably-Bhola IPP, Beijing Gas, Myngian Gas Power Plant. The issue of information disclosure and meaningful consultation with communities and civil society has a direct impact on project-affected peoples. The issue of information disclosure and transparency was raised by Lord Nicholas Stern, Former Chief Economist of World Bank while the need for consultations with civil society was raised by Dr. Ngozi Okonjo-Iweala, former Minister of Finance of Nigeria. Both are members of the AIIB Advisory Panel, unfortunately, Sir Danny Alexander nor President Jin Liqun provided meaningful responses to the issues raised by the advisors.[MOU1]

Environmental Social Framework

While the review of the ESF is currently underway, the AIIB Annual Meeting had no sessions on the topic. Civil society groups handed in recommendations on the ESF in Phase 1 of the process and are still waiting on how the bank intends to incorporate the recommendations. Numerous case studies had been submitted by civil society groups to AIIB on local community

¹ [AIIB's Climate Scorecard](#)

sufferings from forced resettlements, inadequate compensation schemes, ineffective complaint mechanisms². Civil society is still expecting to have a deeper conversation around the ESF review and get an immediate update on the Phase 2 process.

Corporate Strategy

One of the core demands of international civil society was a detailed discussion around the Corporate Strategy, which will be adopted in September 2020. The AIIB has not disclosed this document to the public and has not provided any detail around the strategy in this annual meeting. Yet the Corporate Strategy is expected to determine the guiding principles of the bank's next decade of investments and role in undertaking climate responsibility.

Concerns over Digital infrastructure and Technology on labor, climate and privacy

Regional cooperation, digital Infrastructure, and transboundary projects were key themes being pushed by Dr. Joachim von Amsberg, AIIB VP for Strategy and Policy. On the digital infrastructure front, themes discussed included – artificial intelligence (AI), internet of things (IoT), transport, and automation not so much on their impact on the environment, employment, and energy demand. It is being feared that automation in storage and transport will have a direct impact on the unemployment of large masses of human labor, which requires further research and thorough social risk assessment by AIIB. Consequently, the digital infrastructure projects, such as mobile towers, server warehouses, and automated service points, will all need to be powered and maintained from an energy point of view. The issue of energy systems powering digital technology and infrastructure has to be done in line with the Paris Agreement of 1.5 and therefore requires a much deeper questioning. There is a high probability that without the right energy framework, the digital future strategy may further embed existing fossil fuel pathways. Digital technology issues also have a direct impact on privacy and security. With rising authoritarianism, the use of digital surveillance through digital technology will have a direct impact on democratic freedoms. We are deeply concerned that without ensuring privacy and protection of constitutional freedoms, digital technology will have a detrimental role in increasing further censorship of the press, suppression of critical voices who are seeking to uphold accountability and transparency.

Ways Forward

The AIIB management has responded to civil society by alluding towards a broader discussion with civil society in the latter half of this year. We hope the bank upholds its promise and takes into consideration the issues raised above. We look forward to creating an agenda for the upcoming discussions and look forward to further conversations on that front. In the meantime, we are approaching management and operation departments to have key meetings on project and policy issues as we move forward. Looking forward to your cooperation and consideration.

² [Bhola IPP and its Impact on Local Communities: VOICES FROM THE GROUND. A Civil Society Study Report.](#)
[Do No Harm. Recommendations for the review of the Asian Infrastructure Investment Bank's Environmental and Social Framework.](#)
[NGO Forum on ADB, AIIB ESF Review Phase 1 Input.](#)

Ms. Laurel Ostfield, Director General, Communications
 Mr. D. Jagatheesa Pandian, Vice President and Chief Investment Officer
 Mr. Joachim von Amsberg, Vice President, Policy and Strategy
 Mr. Danny Alexander, Vice President and Corporate Secretary
 Mr. Hamid Sharif, Complaints - Resolution, Evaluation and Integrity Unit (CEIU)
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