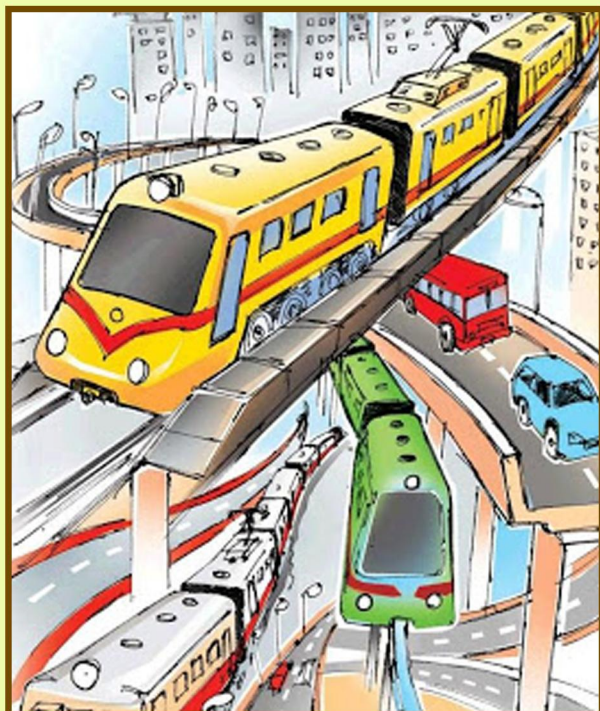


What are their investments in India?



India is an adored destination for its investments and is now the top borrower from the AIIB with more than USD one billion worth of loans in 2017 and USD three billion more in the pipeline.

Multi-sectoral projects	Rs.2025 crores
Transport	Rs. 8520 crores
Energy	Rs.1698 crores
Water/Irrigation/Flood	Rs.947 crores
Total Approved Projects	Rs.7013 crores
Proposed Total Projects	Rs.7483 crores

Why should we critically engage with IFIs particularly AIIB?

World Bank, ADB, AIIB and New Development Bank (India also joined EIB recently though their investments are yet to flow), and bi-lateral agencies like JBIC, JICA, Chinese Development Bank and Chinese ExIm bank have upped their lending in leaps and bounds in industrial corridors, smart cities, energy projects etc in India.

These straightaway affect our democratic systems, existing policies, land, water, forests, food, livelihoods, structures and the very air we breathe on a daily basis.

All these raise our concerns to an alarming level that we are forced to reflect and act on the rapid reforms' which happen in the guise of development. Unlike World Bank and ADB who claim their development agenda in the name of reduction in poverty and inequality, AIIB never conceals their huge interests in infrastructure financing. This dangerously rushed, non-consultative investments with weak safeguards and no due-diligence should be strongly challenged and monitored carefully by the civil society.

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Contact: wgonifis@gmail.com website: www.wgonifis.net

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Asian Infrastructure Investment Bank

AIIB

A SNEAK PEEK INTO CHALLENGES





What is AIIB?

Asian Infrastructure Investment Bank [AIIB] is a new international financial institution led by China from 2016 on the likes of World Bank, IFC, ADB etc. It has an initial capital of \$ 100 billion, equivalent to two-thirds the capital of the Asian Development Bank (\$157 billion) and about half that of the World Bank (\$252 billion).

Who are its Members?

AIIB has 86 members currently, from across the world. USA and Japan are the major countries who have not taken a membership yet. China is the largest shareholder at AIIB followed by India. AIIB is the only international financial institution where the majority of the votes are held by developing countries

What do they Do?

AIIB's priority is to bridge the existing infrastructure support in Asia and beyond. This means supporting railways, power sector development, transmission and distribution, and transport and roadways expansion.

Is AIIB a challenge to other banks?

AIIB has a complementary role and not a competitive role with other banks. 14 projects out of AIIB's total 25 projects were co-financed with the World Bank and the ADB. In a co-financed project, AIIB simply adopts the safeguards and standards of existing MDBs.

What are the issues surrounding AIIB?

AIIB has begun funding projects even before proper environmental and social safeguards were put in place, which impacts the communities adversely. Mostly, the nature of impact will be displacement of people, loss of livelihoods, land acquisition and destruction of ecosystem in the region proposed. The safeguards do not require the bank to identify and address human rights risks in the projects it finances. Often, AIIB relies on co-financiers for due-diligence. Further, AIIB still does not have its complaints handling mechanism in place and has yet gone ahead with approving its projects. AIIB has a number of projects which are financial intermediary projects where there is no clarity as to which specific projects these funds are going to support. AIIB's proposed National Infrastructure Investment Fund-NIIF project also seeks to fund stalled thermal projects in India. There are serious issues of transparency and non-accountability with FI projects.



How can communities influence and engage with AIIB?

At present, AIIB does not have a transparent system of approval and assessment of loans with engagement of communities or civil society. Drafts of Policy on Public Information and a mechanism for complaints handling – Policy on Project-affected People's Mechanism are available with the bank's website. But these are not finalized, and still try to draw its designs from the existing MDBs. Hence, for co-financed projects, communities can avail complaint mechanisms of existing established MDBs. Communities should push for full, prior and informed consent and consultations before identifying and approving a project.