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The Asian Infrastructure Investment Bank (AIIB) and Involuntary Resettlement, 2016–2022

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Introduction: Development versus Resettlement

Development-induced resettlement is an old, well-known but also growing problem.

The environmental and social impacts of largescale infrastructure projects are well-known and documented. One of the worst negative impacts associated with so-called development projects is related to resettlement and displacement.

WORLD BANK: Back in 2018, Urgewald screened [1920 projects approved by the World Bank](#) (IDA, IBRD) in its four fiscal years 2015-18 and found: Up to **40 percent of the projects** were connected to the World Bank resettlement policy, meaning that the World Bank identified possible resettlements.

ADB: Back in 2020, we scanned [2001 ADB development projects](#) in the time period between mid-2015 and 2020. Our first finding: At least 16 percent (323) of all projects triggered the resettlement policy of ADB's safeguards. This is a distorted figure. The high number of Technical Assistances (TA) that do not fall under the safeguard policies but in many cases lay ground for future projects, possibly leading to resettlement. Without TA projects, almost half of ADB's projects, namely **46 percent of projects** triggered essential displacement in the investigation period. We assume that **at least one million people within less than five years were affected by resettlement in ADB-funded projects**. Given the conservative estimate — counting households as four persons, the actual figure could be worse. The existing ADB Policy on Involuntary Resettlement and Land Acquisition has severe shortcomings, as documented [here](#).

AiIB: During the 2016-22 period studied, the AiIB approved a total of 196 projects. 101 of these projects were found to involve displacement, or about **51 percent of the portfolio** during the years studied. This is more than we found for the 2015-18 period under review for the World Bank Group or for the 2015-2020 period for the ADB. The total number of households relocated is 51,587, which with a conservatively estimated average size of four people, makes a total of 206,348 people, in just seven years.

2021: The total number of affected households in 2021 was 12,907, primarily due to two large hydropower projects: the Balakot Hydropower Development Project in Pakistan and the Dakdrinh 125MW Hydropower Plant in Vietnam.

“Next to killing a man, the worst you can do is to displace them.”

*Thayer Scudder, *1930,
Social Anthropologist*

2022: The total number of affected households in 2022 was 14,935. The project with the largest impact on displacement in 2022 was the pumped storage power development project in Indonesia, which affected over 750 households.

In all of these countries, there is no freedom of the press and very limited space for civil society to operate.

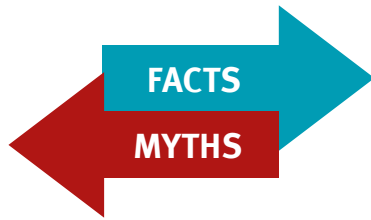
So clearly the AiIB is a bank that is causing a high level of displacement, and the trend is upwards, as our research on projects in the pipeline shows.

Global estimates range from 15 to 20 million forcibly evicted people annually due to development projects (IAP et al. 2010, 2; Cernea and Maldonado 2018). No global body is tasked with systematically monitoring the numbers of people displaced by development projects or the terms of their displacement (Price 2015). This study tries to fill this void with regard to the AiIB.

Displacement and resettlement are violating several Human Rights as codified in the Universal Declaration of Human Rights, including the right to livelihood and the right to self-determination. Additionally, international law contains an emerging “right not to be displaced”, meaning a non-absolute right that is only partially developed explicitly, but implicitly grounded in hard, legally binding law (Morel 2015).

Involuntary resettlement, displacement and loss of livelihood for affected communities have always been the most prominent negative effects of big infrastructure development projects and programs. It is the duty of Development Banks to avoid resettlement and where it is unavoidable to mitigate the negative effects. Any resettlement activity must result in an improvement of livelihood for the affected people.

One of the fundamental reasons why the problem of displacement caused by development policy has not yet been solved is that myths about the role of resettlement in “development” have been perpetuated over decades. Displacement and resettlement of people for large-scale projects have been legitimized by five myths identified by Milgroom, Kabra and Wilmsen (2023):



1. Displacement is considered to be inevitable for development, while it is actually just a consequence of a particular model of development.
2. Resettlement can allegedly bring development to displaced people, but resettled people are rarely provided with adequate jobs, their social networks fall apart and their livelihoods are hard to reconstruct.
3. Resettlement is rarely voluntary and consensual, because true volition requires that each affected person has the right to refute resettlement without fear of adverse consequences, which is hardly ever the case.
4. It is assumed that people can meaningfully participate in resettlement and rehabilitation planning, but this happens within a context of power imbalances, boundaries on negotiation outcomes and opposing interests of actors.
5. Finally, resettlement is considered to be successful if best practices are followed, while in reality it occurs in complex political, economic and social contexts in which many elements are not measurable or controllable. Uncritical belief in best practices normalizes new rounds of harmful displacement.

These myths legitimize the continuation of often aggressive development practices and legitimize the negative impacts as a necessary evil of how to do development.

Safeguarding what?

Safeguards on involuntary resettlement became a tickbox exercise for the banks management and shareholders of MDBs; this is not acceptable. The ADB reviewed its safeguards in 2022 – but what we see is a race to the bottom: The general approach of the 1995 and 2006 policies represents much better practice and demands better due diligence at an early stage of project development.

According to their respective webpages, the World Bank claims to “reduce poverty and build shared prosperity”, the AIIB claims to be a “multilateral development bank focused on developing Asia” with the goal of “prosperity and economic development for Asia”.

Neither of these goals can be reached when development is understood from the client’s view as more profits. Moreover, vast forced resettlement continues to be baked into the bank’s projects. The AIIB is the youngest MDB, which could be the most innovative, avoiding mistakes of the others. The AIIB must not follow the bad example of other MDBs. The top management of AIIB are all former World Bank, ADB or EBRD staff. Therefore, they must know better.

As a triple A-rated FI with shareholders who signed the core UN Declarations on Human Rights, the bank needs to do more than basic requirements. For a multilateral bank working on development issues, it should be mandatory to act in favor of the well-being of people and nature. We could expect this bank to be a frontrunner, not a laggard. After the implementation of a project, people should prosper and not be poorer.

The World Bank adopted a new Environmental and Social Framework (ESF) in 2016, including Environmental and Social Standards on Land Acquisition and Involuntary Resettlement. The ESF **transferred the existing World Bank responsibility** for safeguarding the affected and displaced families to the clients and is therefore a major step back from earlier policy (Zaman, Nair, and Guoqing 2021). The AIIB’s approach is, as shown beneath, also leaning onto clients’ requirements. As such, both banks engage in a “race to the bottom”.

On the structure of the study:

This study documents the mentioned “race to the bottom” for accountability. The first part of this study critically looks at **existing AIIB policies on involuntary resettlement**, including several changes regarding the Environmental and Social Standards (ESS). We find that they fall behind best practice in several areas, since the standards are not legally binding, do not provide sufficient information disclosure provisions and proper documentation, and fail to consider the Free, Prior and Informed Consent (FPIC) standard for projects affecting indigenous peoples.

The second part looks at the **implementation of the policies**. We find that implementation has been inadequate, arguing that the AIIB is failing to respect the rights of local communities in practice, regardless of its existing policies.

The study continues with an **in-depth analysis of resettlement in AIIB projects from 2016 to 2022**. While trying to **document the social impacts of resettlement**, we encountered many challenges including inconsistency in documentation, lack of transparency and data, and miss-

ing documents. We explain our methodological approach considering these obstacles and then provide our findings in detail. The study finds that every other AIIB project between 2016 and 2022 involved involuntary resettlement or land acquisition. At least 5,613 households, likely consisting of more than 22,000 people, have faced complete displacement from their homes. Due to the aforementioned challenges, we estimate the actual number of displaced people to be much higher.

The study **concludes with our recommendations** regarding the handling of involuntary resettlement. Based on our findings, we recommend to enhance transparency and accountability, standardize documentation and reporting, strengthen resettlement policies and procedures, assess financial intermediary projects, create a resettlement inventory and evaluate benefits of projects involving resettlement.

Literature

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Part I. The existing policy and its shortcomings

In January 2016, the AIIB started operations. For the first time, China is at the helm of a multilateral bank in which Western countries - such as Germany - also participate. The bank, as its name suggests, lends to infrastructure projects, mainly in Asia. So far, according to AIIB's website, it has approved 44.37 billion USD, mainly financing costly infrastructure projects in the energy and transport sectors.

Since the start of AIIB's operation in 2016, Urgewald started to monitor and critically engage with the bank's board and management. Working together with partners in a coalition on the bank's investments, we highlight the grassroot perspective of indigenous peoples, local communities and the environment.

Infrastructure, esp. mega infrastructure, causes deep interventions into the ecosystem, loss of biodiversity, air and water pollution, irreversible destruction of habitats of wild animals, and huge displacement of communities and loss of livelihoods. Therefore, a bank, specialized in such high-risk mega infrastructure projects, needs strong social and environmental safeguards. Local communities and local as well as international CSOs need to be heard when it comes to the design and implementation of safeguards.

The environmental and social standards (titled: Environmental and Social Framework, ESF) were approved in 2016 and revised in February 2019. These were to be reassessed and adjusted after three years based on their practical application. The review of the implementation

and effectiveness of the standards was done in consultation with civil society, which took place from fall 2019 until May 2021.

In the press release of the AIIB, the amended ESF was celebrated as follows:

“Key changes in the revised ESF include:

- Strengthened language on climate change reflecting AIIB’s climate change financing target of 50 percent of approved financing.
- Enhancing transparency by adding deadlines for the disclosure of environmental and social documentation and adding more clarity on the disclosure of financial intermediary operations.
- New measures to address environmental, social and governance (ESG) approaches in capital markets operations.
- Elevated importance of gender equality and commitment to addressing gender-based violence.
- Enhanced language to protect biodiversity and to exclude asbestos from AIIB-financed projects.”

The revisions took effect in October 2021 and will be reviewed again in October 2024. There was a slight amendment in [November 2022](#) without any public consultation. The different versions are causing difficulties for CSOs to keep track of the changes in the document.

The amendments can be defined as “first steps”. A detailed evaluation can be found [here](#).

The ESF consists of four parts: The introduction, incl. the vision, the Environmental and Social Policy (ESP), the Standard 1 on environmental and social assessment and management (ESS1), the Standard 2 on land acquisition and involuntary resettlement (ESS2), and the Standard 3 on indigenous peoples (ESS3).

Our first criticism is directed against the fact that almost none of the standards are legally binding or mandatory. In an online consultation with the bank, the management pointed to the Environmental and Social Management Plan (ESMP) in the ESF, which should include legally binding commitments. However, neither in the Management Plan nor in the entire document “legally binding” commitments are mentioned. On the contrary, the amended ESF uses the limitation “if/ as appropriate” 120 times while “viable/ if feasible/deferral” is used over 60 times. In contrast, “mandatory” is only used 5 times in the intro-

duction to the policy, which points out that the standards and requirements are mandatory (p. 1, p. 11).

This leaves loopholes for practices that can harm both environment and people. Shareholders who ratified the ILO 169 convention on indigenous peoples, the Protocol to the ILO Forced Labor Convention (No. 29) and fully support the requirements of the UN Guiding Principles on Business and Human Rights and the UN Declaration on the Rights of Indigenous Peoples, cannot stop here. As for the lessons learned during decades of experiences with voluntary CSR requirements and other environmental or sustainability-related commitments, new supply chain acts - as already passed by the French and German legislatures - suggest that it is necessary to have mandatory rules and effective leverage in case of non-compliance. Nothing of this kind can be found in the ESF.

The ESF is not on the level of national legislatures, but it should incorporate lessons learned over the past 20-30 years on environmental and social standard settings.

Information disclosure is at the core (second part of ESF: ESP VII, A-E, pp. 34-37)

Local communities confronted with forced and sudden resettlement rely on information. The ESF was created to avoid forced displacement. This starts with information disclosure standards. Publicly accessible information is key to avoid harm to people and environment. AIIB claims to follow best practices. The gold standard for information disclosure is the so-called Pelosi Amendment, which restricts the US EDs to approve a project without the publication of an environmental impact assessment (EIA) and a comprehensive project summary 120 days before approval consultations. So far, the ADB is adopting this rule and thereby setting a good example.

a) The AIIB did not have any deadlines for disclosure during its first six years of operation.

b) The 60 days for Cat. A and 30 days for Cat. B projects now introduced are a success but merely a minimum standard. Peer banks - like the Asian Development Bank - already apply the Pelosi Amendment. The responsible people for designing the AIIB standards formerly served at the World Bank and/ or the Asian Development Bank.

New is the ex-ante rule that makes land acquisition of a project subject to scrutiny by the AIIB before its approval.

All prior land acquisitions in a three-year time slot must comply with the ESF (p. 25). However, only implementation can prove this change and show how transparent the scrutiny will be. As our study shows for the year 2022, nothing has changed in comparison to the time before the review of the standard. If reporting relies on self-reporting - as it is in almost all assessments - this regulation is only a “nice to have”, but worthless in practice.

Resettlement and land acquisition (ESS2, pp. 65-67)

Land acquisition is an issue appearing again and again in the ESF, not only in ESS 2 with the title with “Land Acquisition and Involuntary Resettlement”. Compared to former versions of the ESF, nothing substantive has changed. Some wording improved, but in connection with all the possible loopholes, there will be no substantial improvements for the concerned people and nature. The most crucial loopholes are listed [here](#) as well as in the joint submission by *NGO Forum on ADB and partners*. Crucial - as mentioned before – are the lack of high standards for information disclosure, mandatory rules and the lack of independent monitoring regarding implementation of the ESF 2.

ESS 2 II.13 mentions that the **resettlement action plan can be reduced, if fewer than 200 people are affected** (p.66). Yet, fewer than 200 people means that an entire neighborhood or village can be affected. The number should be much lower. Also, the definition of ‘minor’ is not acceptable. If for example a subsistence farmer loses 10 percent of the productive assets, the livelihood is heavily under pressure, if not already destroyed.

Regarding ESS 2 II 16, **transferring the management of land acquisition to ‘land aggregators’** (p. 68), installs another layer of possible mismanagement. It is unclear how a strict supervision can be achieved given the ‘lean’ approach of the Bank and the complete **reliance on client reporting**.

Paragraph II 20 looks rather comprehensive, but there is an important piece missing. In (b) and (c) the replacement or **replacement cost of assets** (p. 70) are mentioned. What is **missing is the loss of income** through the loss of assets like e.g. palm trees or other trees, bushes, crops or aquatic installations like fishponds, which need a longer time to provide the same income previous to resettlement/

land acquisition. Also, the credit facilities mentioned here and in II 21 must not serve as an alternative to the loss of income. They can only serve as an additional means to develop a better livelihood than before.

Indigenous Peoples (ESS 3, p. 71)

As *documented by IDI*, the very first draft of the ESF released in 2015 required the international established standard of Free Prior and Informed Consent (FPIC), recognized by the United Nations. FPICon was formerly used by the World Bank and massively criticized until the World Bank Group changed to the Free Prior and Informed Consent (FPIC) standard. The AIIB only had FPIC in the very first draft of the ESF, after 2016 it applies the much weaker concept of “FPICon”. The former ESF advisor of AIIB came from the World Bank and took it with him.

“AIIB clients must conduct Free, Prior and Informed Consultation (FPICon) in order to get ‘broad community support’ from affected indigenous communities before a project may go forward. Broad community support does not necessarily mean that 100percent of affected people support the project. Some individuals or groups within a community may disagree with a project, but if the broader community is in favour, it can be regarded as ‘broad community support’. (...) FPIC, and the requirement of consent, is a stronger standard than FPICon and broad community support.” (*IDI community guide to AIIB*).

Countries, who have ratified ILO169 and/or signed the UN Declaration on the Rights of Indigenous Peoples, should be compelled to act accordingly, and insist on FPIC. In the 2021/22 reviewed ESF, FPIC is mentioned as a condition, when national law requires an FPIC process. Only in these cases, AIIB projects follow international practice and act according to the national procedures.

Part II. Inadequate implementation of Bank policies

The Asian Infrastructure Investment Bank (AIIB) fails to respect the rights of local communities in practice, regardless of its existing policies, due to inadequate information disclosure and implementation. Despite having policies that recognize the right to participate in development, the AIIB faces challenges in operationalizing this right in an involuntary resettlement context. Inconsistency in documentation and data availability hampers a comprehensive understanding of the social impacts of resettlement, hindering effective participation and decision-making. The lack of specific data, particularly in Financial Intermediary (FI) projects and those without a designated Environmental and Social (E&S) category, contributes to an information gap and raises concerns about transparency. The AIIB's reliance on vague language and ambiguous categorization further obscures the involvement of resettlement in projects. Moreover, missing project documents and limited access to information hinder affected communities' ability to stay informed and engage in the development process. To address these issues, the AIIB should prioritize enhancing transparency, consistency, and accountability in documenting and reporting social impacts. This includes improving the quality and accessibility of project documents, promoting specific social impact data disclosure, and ensuring a standardized reporting framework. Furthermore, the AIIB should strengthen its commitment to the rights of affected individuals and communities by consistently applying resettlement safeguards, conducting meaningful consultations, and recognizing the importance of Free Prior and Informed Consent (FPIC) as a fundamental prerequisite. By addressing these shortcomings, the AIIB can uphold the rights of local communities, foster sustainable development, and demonstrate leadership in responsible project financing.

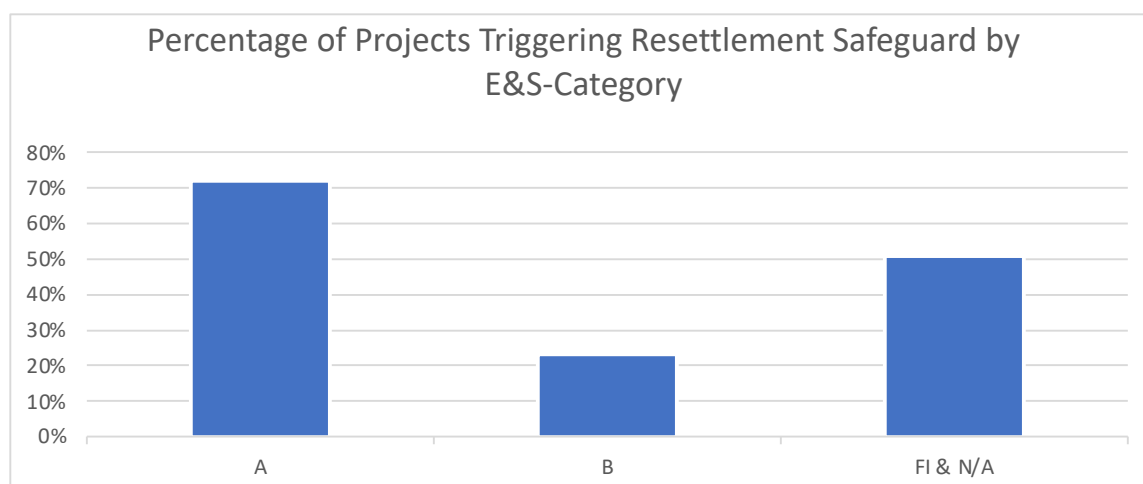
Urgewald's analysis of resettlement in AIIB projects

The Asian Infrastructure Investment Bank (AIIB) plays a crucial role in financing infrastructure projects across Asia. However, alongside its ambitious goals, there are concerns regarding the involuntary resettlement and land acquisition impacts of these projects. The key findings of this in-depth analysis of AIIB projects from 2016 to 2022 will be presented in the following, hoping to shed some light on the challenges and inconsistencies in documenting and quantifying resettlement impacts.

During the analyzed period, the AIIB approved a total of 196 projects. Out of these projects, 101 were identified as involving involuntary resettlement or land acquisition, accounting for approximately 51 percent of the portfolio during the analyzed years. Among the project categories, those falling under E&S-Category A exhibited the highest risk of involuntary resettlement, with 34 out of 47 projects affected. Category B projects posed a lesser risk, with resettlement numbers generally capped at 50 impacted households; nonetheless, 15 out of 66 projects still required ESS2 safeguards. In the FI category or projects without a designated E&S category, 32 out of 63 projects triggered the resettlement safeguard.

The analysis revealed that over 51,587 households were affected by these projects, with 5,613 households facing complete displacement from their homes.

This figure underscores the scale of the challenges faced by local communities and emphasizes the need for appropriate measures to protect their rights and ensure their well-being throughout the project lifecycle.



The analysis also brought to light several challenges encountered when documenting the social impacts of resettlement and land acquisition in AIIB projects:

- **Inconsistency in Documentation:** Project reports failed to provide a coherent count of affected individuals, families, households, and communities, i.e. in most cases, affected people are aggregated at the household level, but sometimes the number of individually affected landowners or businesses is listed instead. This inconsistency was mitigated by assuming all data to represent households, as individual landowners, for example, likely have to support an entire family/household, who will be just as impacted.
- **Average Household Size:** This inconsistency in the unit of measurement for social impacts also makes it difficult to evaluate the total number of people affected based on the household figures that are being provided. In most cases, the specific number of impacted individuals is not being communicated through project documentation. Based on a conservative household size estimate of four affected persons, approximately 206,348 people are estimated to be affected based on confirmed household numbers. However, for the few projects where data on affected individuals is available alongside households, the average household size is closer to five individuals.
- **Lack of Specific Data:** The lack of specific data regarding social impacts related to resettlement or land acquisition is particularly notable in Financial Intermediary (FI) projects and projects without a designated Environmental and Social category. This information gap aligns with longstanding criticisms surrounding the transparency of financial intermediary projects. The involvement of resettlement is often obscured through ambiguous language, such as indicating that “higher-risk” sub-projects will undergo AIIB review. In cases with less information available (including projects that did not address potential resettlement or explicitly confirm the applicability of ESS2) the decision whether to include projects or not were based on the industries in which the financial intermediary invested. It was easier to decide whether to include a FI project or not when there was the disclosed portfolio of investments made under a given financial project. These estimations aimed to establish the likelihood of resettlement impacts in the absence of explicit data, recognizing the need to navigate the information gap surrounding these types of projects.

In some cases, especially for category B sub-projects that fall under a financial intermediary investment, data availability is further impeded by very lenient disclosure requirements, stating that disclosure is only necessary for “annual E&S documentation during the preceding 12 months” and with potential exemptions for cases where this is “subject to the host country’s regulatory requirements, market sensitivities or consent of the sponsor”. (Example taken from pipeline Turk Eximbank Green Infrastructure Support and Earthquake Response Project)

- **Confirmed vs. Estimated Numbers:** The available project documentation confirmed that 51,587 households were affected. However, it is important to note that only about 25 percent of the projects potentially triggering ESS2 published specific numbers on how many households would be impacted, suggesting that the actual number of affected individuals is likely much higher than reported.
- **Missing Documents:** The analysis of resettlement impacts in AIIB projects revealed a concerning number of missing project documents, with over 15 identified instances in which the referenced documents were unavailable or inaccessible. Specifically mentioned project documents in the AIIB’s summaries and descriptions were either unlinked, had broken links, were relocated or removed from external websites, password-protected, or not available in English despite being listed as a disclosed language. The unavailability of crucial information not only poses challenges to the analysis but also exacerbates the negative impacts on affected communities striving to stay informed about the developments affecting their lives.

Methodological approach: Addressing data challenges and legacy issues in resettlement analysis

As the previous section has shown, the analysis of resettlement in AIIB projects encountered significant challenges regarding data consistency and availability. To ensure a consistent methodology for this investigation, a series of steps were taken to address these issues.

A critical aspect of the methodology involved the joint consideration of economic and physical displacement. In many instances, project documents did not clearly distinguish between these types of displacement. Therefore,

for the purpose of the analysis, both economic displacement, where businesses and livelihood bases had to be vacated, and physical displacement, where residential structures were taken down, leading to the relocation of residents, were collectively counted as involuntary resettlement and, more specifically, displacement. This approach acknowledges that both types of resettlement ultimately result in the same outcome - local communities being required to give up their homes and livelihoods due to a project's impacts.

One common pattern observed in project documentation is the separate provision of numbers for displacement and land acquisition. In most cases, the land acquisition number includes the count of relocated households, as the two factors are interconnected. To ensure transparency and avoid accidental double counting, both displacement and land acquisition numbers were added together for the purpose of this resettlement overview whenever this was not already the case. However, it should be noted that project documents occasionally state instances where displacement occurs without land acquisition, particularly in cases of economic displacement or the removal of squatters and informal settlers. Consequently, these instances were not added to the overall land acquisition figure.

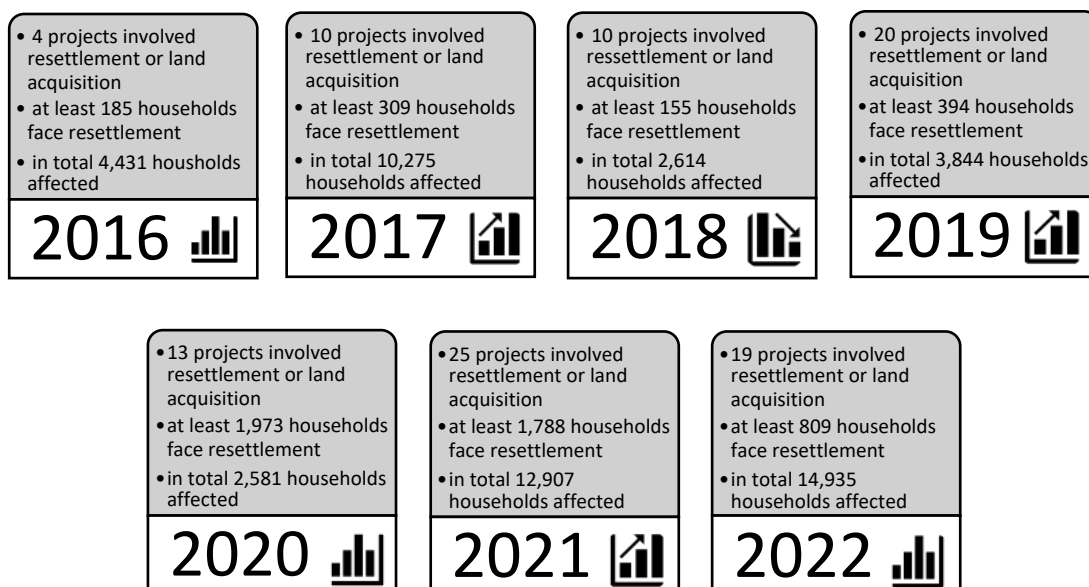
Finally, in dealing with legacy issues, consideration was only given to ongoing cases where the AIIB was still involved in compensating for past resettlement issues. These cases were included in the analysis, as they would violate safeguard policies if they occurred after the AIIB assumed control of the project. For example, the Dakdrinh 125MW Hydropower Plant project in Vietnam was included as an instance where ongoing legacy issues require attention and mitigation. Other projects, where legacy

issues had occurred so far in the past that the AIIB appears to have no ongoing involvement in the issue, were ignored.

Findings in detail

In its first year of operation, starting in **2016**, the AIIB gave its approval to fund a total of 8 projects. Among these projects, two involved the need for physical or economic resettlement, while two others primarily affected local communities through land acquisition without requiring the displacement of residents. Although specific information on the number of affected households is unavailable for one of the involuntary resettlement projects, the other project necessitated the resettlement of **185 households**. According to project documentation, a combined total of **4,431 households** were confirmed to be directly impacted by land acquisition across all four projects.

In **2017**, a total of 15 projects were approved, out of which ten were counted as triggering the involuntary resettlement safeguard either through economic and physical displacement or land acquisition. Among the majority of the eight projects that necessitated the relocation of local communities, only two projects provided specific figures regarding the number of households affected. As a result, it can be confirmed that a total of **309 households** were impacted by involuntary displacement. Additionally, across five projects, including the aforementioned displacement initiatives, a total of **10,275 households** were confirmed to face land acquisition. Notably, half of the projects approved in 2017 lack published data on the precise social impacts related to resettlement or land acquisition requirements.



For the year **2018**, a total of 12 projects received approval. Out of these projects, ten projects entailed either involuntary resettlement or land acquisition. Similar to the previous case, specific resettlement figures were disclosed for only two out of the seven projects involving physical or economic displacement, amounting to a confirmed resettlement impact on **155 households**. Regarding the three projects solely related to land acquisition, two of them provided numbers that confirm a total of **2,614 households** to be affected by land acquisition across all projects with published social data.

Overall, for the year **2019**, 20 out of 26 approved projects triggered ESS2 on involuntary resettlement. Out of these, 16 projects involved physical or economic displacement, while an additional four projects specifically dealt with land acquisition without requiring resettlement. Among the projects involving displacement, the confirmed number of households affected stood at 394, which pertained to four projects where detailed figures were disclosed. In terms of land acquisition, encompassing both resettlement and non-resettlement cases, a total of **3,844 households** were confirmed to be impacted across nine projects. Interestingly, 2019 also featured one of the few projects involving economic displacement without land acquisition, as 76 mobile vendors were displaced from state-owned land for the Karachi Bus Rapid Transit Red Line Project in Pakistan.

The year **2020** saw a substantial surge in project approvals, with a total of 42 projects receiving funding approval. Among these approved projects, 13 were identified to potentially lead to involuntary resettlement or land acquisition, affecting a confirmed number of **2,581 households**. It is important to note that this data was available for only seven out of the 13 projects. Specifically focusing on physical and economic displacement, project documentation provides confirmation for a figure of **1,973 households** based on available data from four out of 10 projects. The notable decrease in the percentage of projects triggering involuntary resettlement in 2020 can be attributed to the introduction of Covid-19-related support and recovery loans, which often fall under the E&S-category C. These loans primarily prioritize non-physical infrastructure and the provision of essential medical equipment.

In **2021**, a total of 49 projects received approval, out of which 25 projects entailed involuntary resettlement or land acquisition. Once again, the majority of 23 projects required the physical relocation of local communities;

however, specific numbers were disclosed for only seven of these projects. Based on the available data, a total of **1,788 households** were confirmed as affected. When combined with the overall land acquisition figures, the total number of impacted households across projects with confirmed numbers reached **12,907**. The significant impact on resettlement reached primarily driven by two large-scale hydropower projects, namely the Balakot Hydropower Development Project in Pakistan and the Dakdrinh 125MW Hydropower Plant in Vietnam. These two projects alone resulted in over 6,500 households facing project impacts, with more than 600 households among them being displaced. It is important to note that as with previous years, the overall count of affected individuals for all 25 projects could be much higher since only a limited number of projects have disclosed concrete numbers at the time of writing.

In **2022**, a total of 44 projects received approval throughout the year. Among these projects, 19 had involuntary resettlement impacts. Specifically, 15 projects required the physical or economic displacement of local communities, while four additional projects involved land acquisition without requiring resettlement. Out of the total, five projects disclosed resettlement data, confirming that a significant number of **14,935 households** were impacted by land acquisition, with **809 households** among them facing complete relocation. Notably, the Haryana Orbital Rail Corridor Project stands out in terms of land acquisition, as it required land from over 12,000 households, while only 37 households were being permanently resettled, according to the project’s documentation. The project with the largest displacement impact in 2022 was the Development of Pumped Storage Hydropower Project in Indonesia, affecting over 750 households.

Year	Number of projects with resettlement or land acquisition	Percentage out of the entire yearly portfolio	Confirmed number of affected households
2016	4	50 percent	4,431
2017	10	66 percent	10,275
2018	10	83 percent	2,614
2019	20	77 percent	3,844
2020	13	31 percent	2,581
2021	25	51 percent	12,907
2022	19	43 percent	14,935
Grand Total	101	51 percent	51,587

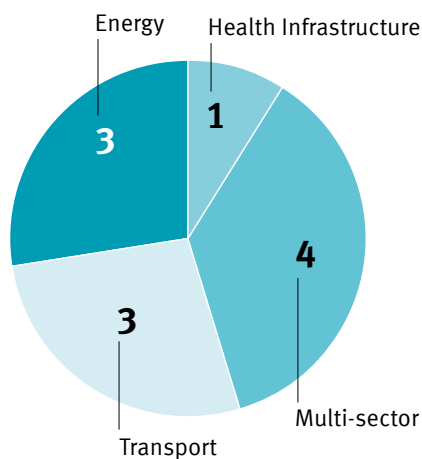
Ongoing year and future outlook

While it is difficult to compare the ongoing year as well as future projects currently in the pipeline to past years, a quick overview of involuntary resettlement for 2023 and the proposed projects is given here.

Data for the year 2023 (as of July 10th, 2023)

- 21 reviewed projects
- 10 projects involve involuntary resettlement or land acquisition
- Over 4,000 affected households
- Around 1.7 billion USD in funding is going towards projects with resettlement or land acquisition.

Number of projects that include land acquisition or resettlement:



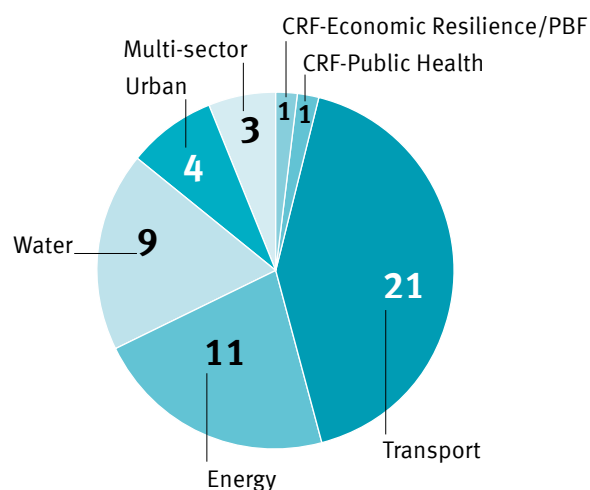
So far, 21 projects have been approved for **2023**, out of which ten trigger the involuntary resettlement safeguard either through economic and physical displacement or land acquisition. For nine projects, this necessitates the relocation of local communities, but only two projects provide specific figures regarding the number of households affected. As a result, a total of 1,869 households will be impacted by involuntary displacement. Additionally, across three projects, including the aforementioned displacement initiatives, a total of 4,004 households face land acquisition. It is noteworthy that six of the projects approved in 2023 so far lack published data on the precise social impacts related to resettlement or land acquisition requirements. As these projects are relatively new, more detailed assessments of impacts on the disclosure of resettlement action plans appear to be underway for many of the projects approved this year.

Pipeline

It should be noted that pipeline projects will always be skewed towards overrepresenting involuntary resettlement. Projects with significant relocation and land acquisition tend to undergo longer approval periods and occasionally delays due to challenges by local communities and their resistance to resettlement. This is evident from the number of projects triggering ESS2 and that are currently in the pipeline, representing over 75percent.

Data for Proposed Projects

- 65 reviewed projects between 2017 and July 10th, 2023
- 50 projects involve involuntary resettlement or land acquisition
- Over **11,605** affected households
- Around **13 billion** USD in funding is going towards projects with resettlement or land acquisition.



Member countries	Resettlement "Yes"	Only land acquisition "Yes"	Displaced households	Total households facing land acquisition	Investment amount in million USD
China	8		3	3	2500
India	7	4	4009	9	2829.8
Bangladesh	6		2602	1154	1239.4
Philippines	3		1225	146	750
Indonesia	2				1500
Lao PDR	2		68	10	50
Pakistan	2	1	2741	9	796
Cambodia	1				100
Côte d'Ivoire	1				200
Multicountry	1				1000
Nepal	1		35	2	112
Oman	1				475
Tajikistan	1		105	10	55
Türkey	1	1			500
Uzbekistan	1				430.1
Viet Nam	1	1	725		160
Georgia		1	89		100
Jordan		1			150
Kazakhstan		1	3		40
Sri Lanka		1			50
Grand Total	39	11	11605	1343	13037.3

Recommendations

Urgewald’s comprehensive analysis highlights the need for enhanced transparency, accountability, and standardization in documenting and reporting the social impacts of resettlement and land acquisition in AIIB projects. Addressing the challenges identified, including inconsistencies in documentation and data availability, is crucial to ensure responsible and inclusive project implementation. Here are some recommendations to address the issues and prioritize the well-being and protection of affected households and communities:

- 1. Enhance Transparency and Accountability:**
 - The AIIB should improve the consistency and accuracy of resettlement action plans and project reports, ensuring they provide a comprehensive and coherent count of affected individuals and households.
 - Promote the disclosure of specific social impact numbers, including the number of individuals impacted by resettlement or land acquisition, rather than solely focusing on household counts to better understand the true scope of social impacts.
- 2. Standardize Documentation and Reporting:**
 - Establish standardized guidelines and reporting standards for documenting and reporting the social impacts of resettlement and land acquisition in AIIB projects.
 - Develop a uniform methodology for collecting and presenting data on affected individuals, households, and communities throughout the project cycle.
 - Implement a consistent reporting framework that requires each project to adhere to the same reporting standards.
 - Update project pages to account for any changes in the number of affected people as well as keeping re-directions to external documents up to date.
- 3. Strengthen Resettlement Policies and Procedures:**
 - Embed the principle of Free Prior and Informed Consent (FPIC) as a fundamental prerequisite for any resettlement activities, ensuring the rights of affected communities are respected.
 - Conduct upfront due diligence, including a thorough baseline assessment of potential impacts, to identify and mitigate risks associated with resettlement and land acquisition. This would also support disclosing specific resettlement risks early on, reducing the number of projects that trigger ESS2 without giving any specific figures on the affected communities.
- Extend the scope of the resettlement policy to encompass both up-and downstream displacement effects, considering economic and physical displacement beyond the project area.
- 4. Assess Financial Intermediary (FI) Projects:**
 - Scrutinize FI projects and other indirect lending instruments for possible displacement effects, treating them with the same rigor as direct AIIB projects.
 - Apply consistent resettlement standards and safeguards to FI projects, ensuring they adhere to the same level of accountability and transparency.
- 5. Create a Resettlement Inventory:**
 - Develop an up-to-date “resettlement inventory” to provide comprehensive information on the extent of resettlement in AIIB’s financing portfolio.
 - Use the inventory to enhance management and board awareness of the scale and magnitude of resettlement impacts and inform decision-making processes.
- 6. Evaluate the Benefits of Projects Involving Resettlement:**
 - Given the significant impact of resettlement and the historical performance of multilateral banks, conduct a thorough assessment of the benefits and risks associated with projects involving resettlement.
 - Consider not supporting projects that require the resettlement of a large number of individuals (e.g., 5,000 or more) unless stringent safeguards and measures are in place to protect the rights and well-being of affected communities.
- 7. AIIB Lags Behind Its Peer Institutions:**
 - All future ESF, as well as the PPM policy reviews must result in substantial improvements to meet international good practice. We know from experience that a good review process provides safeguards against the risk of regression and supports a more effective and community-oriented accountability mechanism.

Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
CSOs	Civil Society Organizations
CSR	Cooperate Social Responsibility
EBRD	European Bank for Reconstruction and Development
EIA	Environmental Impact Assessment
E&S	Environmental and Social (Category)
ESF	Environmental and Social Framework
ESG	Environmental, Social, and Governance (Standards)
ESMP	Environmental and Social Management Plan
ESP	Environmental and Social Policy
ESS	Environmental and Social Standards
ESS1	Standard on Environmental and Social Assessments and Management
ESS2	Standard on Land Acquisition and Involuntary Resettlement
ESS3	Standard on Indigenous Peoples
FI	Financial Intermediary
FPIC	Free, Prior and Informed Consent
FPICon	Free, Prior and Informed Consultation
GCF	Green Climate Fund
IDB	Inter-American Development Bank
IDI	Inclusive Development International
IFC	International Finance Cooperation
ITDC	Indonesia Tourism Development Corporation
MDBs	Multilateral Development Banks
PPM	Project-affected People's Mechanism
RAP	Resettlement Action Plan
SEZ	Special Economic Zone
TA	Technical Assistance
WB	World Bank

ANNEX

Data for the year 2016

- 8 reviewed projects
- **4 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **4,431** affected households
- **944 million** USD in funding going towards projects with resettlement or land acquisition

Table by sector

Sector	Land acquisition or resettlement “Yes”
Transport	2
Energy	1
Urban	1
Grand Total	4

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
Azerbaijan		1		1000	600
Indonesia	1				216.5
Pakistan	1		185	3429	100
Tajikistan		1		2	27.5
Grand Total	2	2	185	4431	944

Data for the year 2017

- 15 reviewed projects
- **10 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **10,275** affected households
- Around **1.5 billion** USD in funding is going towards projects with resettlement or land acquisition.

Table by sector

Sector	Land acquisition or resettlement “Yes”
Energy	3
Water	2
Transport	2
Multi-sector	2
Urban	1
Grand Total	10

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
India	2	2		1154	745
Indonesia	2				225
Bangladesh	1			8792	60
Georgia	1		9	29	114
Multicountry	1				150
Philippines	1		300	300	207.6
Grand Total	8	2	309	10275	1501.6

Data for the year 2018

- 12 reviewed projects
- **10 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **2,614** affected households
- Around **2.7 billion** USD in funding is going towards projects with resettlement or land acquisition.

Table by sector

Sector	Land acquisition or resettlement “Yes”
Energy	3
Water	3
Multi-sector	2
Transport	1
Urban	1
Grand Total	10

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
India	3				550
Bangladesh	1		5	195	60
Indonesia	1	1	150	152	498.4
Multicountry	1				500
Turkey	1	1		2267	800
Egypt		1			300
Grand Total	7	3	155	2614	2708.4

Projects to be clarified

Project	Notes
Indonesia: Mandalika Urban and Tourism Infrastructure	The project documents reveal the presence of enclave lands and litigated lands within Mandalika SEZ. The implementing agency (ITDC) lacks legal rights to the enclave lands, which will be acquired through a willing-seller and willing-buyer mechanism. Consequently, these lands are not classified as involuntary resettlement and are not further addressed in the document. However, this blending of categories between resettlement and “voluntary” land acquisition may obscure resettlement accountability and distort reported figures.

Data for the year 2019

- 26 reviewed projects
- **20 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **3,920** affected households
- Around **2.9 billion** USD in funding is going towards projects with resettlement or land acquisition.

Table by sector

Sector	Land acquisition or resettlement “Yes”
Energy	9
Multi-sector	4
Transport	3
Water	3
Urban	1
Grand Total	20

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
India	4		211	695	820
Multicountry	2				175
Pakistan	2		76	76	111.81
Bangladesh	1	1			220
Egypt	1				150
Lao PDR	1		8	2400	40
Nepal	1	1		576	202.3
Singapore	1				54
Sri Lanka	1		99	99	200
Turkey	1	1		13	400
China		1		54	500
Kazakhstan		1		7	46.7
Grand Total	15	5	394	3920	2919.81

Projects to be clarified

Project	Notes
Bangladesh: Municipal Water Supply and Sanitation Project	While the project description states that activities that would require private land acquisition will be avoided, voluntary contributions with or without compensation will be accepted where necessary. No further information on the status of potential land acquisition requirements is given.
Sri Lanka: Reduction of Landslide Vulnerability by Mitigation Measures (RLVMM) Project	The project sees the relocation of 14,860 housing units located in an area with high risks of landslides. Since the reason for the location is deemed to be caused by the risk of natural disasters rather than the project itself, the AIIB argues that ESS2 on Involuntary Resettlement does not apply in this case. As a result, affected communities on the ground state that the requests for them to vacate the vast areas of at-risk land tend to appear arbitrary and disorganized, with some of the affected returning to the original land after having been given new plots to resettle to.

Project	Notes
Turkey: Efeler 97.6 MWE Geothermal Power Plant Expansion Project	The project documents simply state that land acquisition has been successfully completed for approximately 60 plots of land without giving quantifiable data on affected households. A previous document from 2014 indicates that the implementing company, Gürmat, initiated the acquisition process in February 2013. By the end of May 2014, fifty plots measuring 57 hectares were acquired through amicable agreements. For the remaining 11 plots covering approximately 12.35 hectares, Gürmat was unable to reach negotiated settlements. As a result, judicial proceedings were initiated on 11.09.2013 to obtain immediate expropriation decisions from the local court. These 11 plots are owned by 13 individuals who are counted as part of this study since no update on their resettlement status or further proceedings with the legacy issues has been given as per the project page in July 2023.

Data for the year 2020

- 42 reviewed projects
- **13 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **2,581** affected households
- Around **2.3 billion** USD in funding is going towards projects with resettlement or land acquisition.

Table by sector

Sector	Land acquisition or resettlement “Yes”
Transport	4
Digital Infrastructure and Technology	3
Energy	3
Water	2
Multi-sector	1
Grand Total	13

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
Multicountry	3				280
Bangladesh	2	1	1961	2569	774
China	1				30
India	1		8	3	500
Lao PDR	1		2	3	30
Oman	1		2	2	60
Uzbekistan	1	1		4	550.6
Indonesia		1			150
Grand Total	10	3	1973	2581	2374.6

Data for the year 2021

- 49 reviewed projects
- **25 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **12,907** affected households
- Around **4.5 billion** USD in funding is going towards projects with resettlement or land acquisition.

Table by sector

Sector	Land acquisition or resettlement “Yes”
Energy	6
Multi-sector	5
Transport	4
Urban	4
CRF-Economic Resilience/PBF	2
Digital Infrastructure and Technology	2
Water	2
Grand Total	25

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
India	6		890	1031	816.67
Multicountry	5				600
China	3		24	916	1375
Pakistan	2		221	4042	450
Uzbekistan	2			12	200
Bangladesh	1		206	795	260
Jordan	1				250
Singapore	1				80
Turkey	1	1	59	3228	412
Viet Nam	1		388	2883	47.5
Rwanda		1			100
Grand Total	23	2	1788	12907	4591.17

Projects to be clarified

Project	Notes
Uzbekistan: Medium-size Cities Integrated Urban Development Project	Land acquisition and resettlement appear to be required for the project. However, the RAP repeatedly mentioned in the project documents could not be identified. Only a resettlement framework without information quantifying resettlement impacts has been published. It should be noted that this is a category B project, meaning that any resettlement or land acquisition impacts would typically be limited to under 50 households.

Data for the year 2022

- 44 reviewed projects
- **19 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **14,935** affected households
- Around **3.1 billion** USD in funding is going towards projects with resettlement or land acquisition.

Table by sector

Sector	Land acquisition or resettlement “Yes”
Energy	6
Multi-sector	5
Transport	4
Urban	4
CRF-Economic Resilience/PBF	2
Digital Infrastructure and Technology	2
Water	2
Grand Total	25

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
India	4	2	37	12091	1234
Multicountry	3				200
Bangladesh	2		7	168	310
China	2				175
Egypt	1			235	250
Indonesia	1		765	2063	230
Turkey	1				200
Uzbekistan	1	1			356.4
Lao PDR		1		378	150
Grand Total	15	4	809	14935	3105.4

Projects to be clarified

Project	Notes
Bangladesh: Unique Meghnaghat IPP	Ninety landowners who are identified as having become agriculturally landless due to the project are nonetheless categorized as impacted by land acquisition only. It is unclear why the project documentation does not consider them as facing economic displacement.

Data for the years 2016–2022 overview

- 196 reviewed projects
- **101 projects** involve involuntary resettlement or land acquisition (are listed as “yes”)
- Over **51,587** affected households
- Around **18.1 billion** USD in funding is going towards projects with resettlement or land acquisition.

Table by sector

Sector	Land acquisition or resettlement “Yes”
Energy	31
Transport	21
Multi-sector	20
Water	14
Urban	8
Digital Infrastructure and Technology	5
CRF-Economic Resilience/PBF	2
Grand Total	101

Table by country

Member countries	Resettlement “Yes”	Only land acquisition “Yes”	Displaced households	Total households facing land acquisition	Investment amount in million USD
India	20	4	1146	14974	4665.67
Multicountry	15				1905
Bangladesh	8	2	2179	12519	1684
China	6	1	24	970	2080
Indonesia	5	2	915	2215	1319.9
Pakistan	5		482	7471	661.81
Turkey	4	3	59	5508	1812
Uzbekistan	4	2		16	1107
Egypt	2	1		235	700
Lao PDR	2	1	10	2781	220
Singapore	2				134
Georgia	1		9	29	114
Jordan	1				250
Kazakhstan	1			7	46.7
Nepal	1	1		576	202.3
Oman	1		2	2	60
Philippines	1		300	300	207.6
Sri Lanka	1		99	99	200
Viet Nam	1		388	2883	47.5
Azerbaijan		1		1000	600
Rwanda		1			100
Tajikistan		1		2	27.5
Grand Total	81	20	5613	51587	18144.98

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