



# How environmentally friendly and socially just is the AIIB?

BY CSOs-FOR CSOs

OVERVIEW OF CASE STUDIES ON AIIB FINANCED PROJECTS  
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WITH CONTRIBUTIONS BY:



**„How environmentally friendly and socially just is the AIIB? “**

Overview of case studies on AIIB financed projects

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### 1 Investment Name and Timeframe

[Power System Upgrade and Expansion Project](#) (PSUEP) [2019-2022]

### 2 Investment Country/area

8 Upazilas under Chittagong (Chattogram) region in the People’s Republic of Bangladesh/  
Bhola, an island in the Barisal district in the People’s Republic of Bangladesh

### 3 Total investment AIIB (\$)

US\$ 120 million

### 4 Co-financier

Total project cost: US\$ 176.6 million  
GOB Contribution: US\$ 46.39 million  
PGCB Contribution: US\$ 10.21 million

### 5 E&S Category

Category B

### 6 Project Details

- This Transmission and Distribution (T&D) aims to increase the regional power load to 1,400 Megawatt by building more than 46 kilometers of double-circuit transmission line in the Chattogram Ring, surrounding the city, with associated substations and line bays
- The new transmission lines cover three parts of the Chattogram Ring, some over-ground, and some underground
- The AIIB says the project will promote Bangladesh’s goals to provide electricity for all by 2021

### 7 Project Concerns

- There are numerous existing or proposed coal and gas power plants, but there is no information on what type of power this project will ultimately support
- It is not clear how this project will support the “electricity for all” goal, information available displays a bias towards residential consumers in the highest consumption tier – thus unlikely to support poorer communities
- It does neither exist a detailed plan for reducing emission from transmission and construction or mitigating the emission in the project site itself nor a livelihood restoration plan for both direct and indirectly affected people including female smallholders of the area
- They do not allocate adequate compensation for lands as well as the households and shopkeepers according to the period of interruption and temporary loss of livelihoods
- They do not pay compensation payments to the landowners of Right-of-Way (they will be affected permanently due to the overhead and underground transmission lines)
- It does not exist a cumulative impact assessment of different power plants and transmission lines in Chattogram zone

### 8 AIIB Interaction to date

Several bilateral virtual meeting with CLEAN, publication *Dangerous Distractions* has been shared with AIIB management and shareholders

### Organization monitoring:

CLEAN, Recourse, NGO Forum on ADB

### Links:

- BIC Europe et al. (2019): Dangerous distractions <https://bit.ly/3omnyzp>
- China Dialogue (2018): AIIB needs to deliver governance <https://bit.ly/3jIHizG>
- China Dialogue (2019): AIIB faces climate protests <https://bit.ly/2TgzwMP>

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## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Natural Gas Infrastructure and Efficiency Improvement Project](#) (P#000015) [2017-2021]

### 2 Investment Country/area

Between Chittagong and Bakhrabad, People’s Republic of Bangladesh

### 3 Total investment (\$)

US\$ 60 million

### 4 Co-financier (if any)

Total project cost: US\$ 453 million

ADB: US\$ 167 million

Government US\$: 226 million

### 5 E&S Category

Category A

### 6 Project Details

- The project sets out to improve efficiency in gas production at the Titas Gas Field in eastern Bangladesh and to build a 181 km pipeline between Chattogram and Bakhrabad
- The first part of the project is implemented by the Bangladesh Gas Fields Company (BGFC) and the second by the Gas Transmission Company Ltd of Bangladesh (GTCL) and is set to be completed by end of 2021
- The pipeline will go underground, and the affected land will be restored for cultivation after the completion

### 7 Project Concerns

- Current data indicates that 1.832 households (5.693 persons) will be affected due to impact on land
- Access to remedy is an issue since, if any of the affected people suffers harm as a result of the project, they will have to turn to the ADB’s grievance mechanism for remedy but won’t be able to approach the AIIB’s PPM since it excludes co-financed projects
- The AIIB does not provide figures on Greenhouse gases emissions

### 8 AIIB Interaction to date

Publication *Dangerous Distractions* has been shared with AIIB management and shareholders

### Organization monitoring:

Recourse, CLEAN, NGO Forum on ADB

### Links:

-BIC Europe et al. (2019): Dangerous distractions <https://bit.ly/3omnyzp>

-China Dialogue (2018): AIIB needs to deliver governance <https://bit.ly/3jlHizG>

-China Dialogue (2019): AIIB faces climate protests <https://bit.ly/2TgzwMP>

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## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Distribution System Upgrade and Expansion Project](#) (P#000003) [2016-2019]

### 2 Investment Country/area

Rural areas and North Dhaka, People’s Republic of Bangladesh

### 3 Total investment AIIB (\$)

US\$ 165 million

### 4 Co-financier (if any)

Total project cost: US\$ 262.29 million

### 5 E&S Category

Category B

### 6 Project Details

- The project has the issue to enhance distribution capacity and to increase the number of rural and urban electricity consumers in Bangladesh
- The project is set up by the Bangladesh Rural Electrification Board (REB) and Dhaka Electric Supply Company Ltd.
- The project consists of the two components: a) the installation of around 65,000 small low-voltage transformers, 75.000 km of service drops, and 2.5 million electricity meters to 77 rural electricity co-operatives under REB (providing 2.5 million new service connections to 12.5 million rural customers) and b) two grid substations which will be upgraded and 85 km of overhead distribution lines converted to underground cables in Dhaka

### 7 Project Concerns

- Residents in the Dhaka region claim that new meters have more than doubled the unit price of electricity
- Due to the construction work more than 5,000 hawkers were displaced from an area, but they never received compensation since the area was not listed in the E&S review
- AIIB failed to consider project impacts and benefits with respect to people with disabilities
- Missing health security related to high voltage power lines: Any power leakages from cables during flooding (Dhaka is located in a highly flood-prone area and is submerged almost every year, and the project is situated in the lowest area in the city) would pose a significant risk to people’s lives
- Lack of information: community members were unaware of basic project details, including the AIIB’s involvement
- While AIIB points to the Bangladesh government’s target to provide electricity to all by 2021 in project documentation, the connections to rural people are focused on areas where distribution lines have already been constructed rather than those who are genuinely energy poor without access to the grid – the so called ‘last mile’ communities

### 8 AIIB Interaction to date

Publication *Dangerous Distractions* has been shared with AIIB management and shareholders

#### Organization monitoring:

Recourse, CLEAN, NGO Forum on the ADB

#### Links:

- BIC Europe et al. (2019): Dangerous distractions <https://bit.ly/3omnyzp>
- China Dialogue (2018): AIIB needs to deliver governance <https://bit.ly/3jlHizG>
- China Dialogue (2019): AIIB faces climate protests <https://bit.ly/2TgzwMP>

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### 1 Investment Name and Timeframe

[Bhola Integrated Power Plant](#) (IPP) / Bhola II [2017-2019]

### 2 Investment Country/area

Kutba Union, Burhanuddin Upazila, Bhola District, People’s Republic of Bangladesh

### 3 Total investment (AIIB \$)

US\$ 60 million

### 4 Co-financier (if any)

Total project cost: US\$ 271 million

Infrastructure Development Company Limited (IDCOL): US\$ 30 million

Islamic Development Bank (ISDB): US\$ 60 million

### 5 E&S Category

Category B

### 6 Project Details

- 220-225 Megawatt power plant project is being constructed by public and private companies, i.a. Nutan Bidyut Bangladesh Limited (NBBL) and is based on High Speed Diesel and Natural Gas

### 7 Project Concerns

(1) Lack on information:

- There was neither compensation packages disclosed, nor any information board set up in the communities before construction phase of the power plant

(2) Missing of an adequate compensation for landowners and located communities

-The local farmers were forced to sell their land against a lower rate fixed by the buyers or in some cases, NBBL only grabbed the land without paying anything

- Still a number of people are claiming for compensations for their lands which have been taken by the power plant without any document

- The IPP caused siltation, the canal gradually dries up and as result the water overflows sometimes and floods the Dakshin Kutba village

- Around 100 households and 300 betel leaf farms have been flooded twice a day during monsoon

- Around 100 cattle and goat rearer totally lost their livelihoods due to loss of grazing land

(3) Violation of the environmental standards

- The water of Mandartoli Shakha Khal smells very bad and color has been changed due to high pollution since NBBL laid three sewerage pipelines from the labor camps to the river

- Toxic gas emissions destroy the Paan farms because water flooding causes rotting of plant roots

(4) Lack of participation processes:

- The local communities were threatened physically when they protested

### 8 AIIB Interaction to date

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### Organization monitoring:

CLEAN, NGO Forum on the ADB, Recourse

### Links:

-CLEAN (2018): Bhola IPP and its impact on local communities <https://bit.ly/35E2vzQ>

-BIC Europe et al. (2019): Dangerous distractions <https://bit.ly/3omnyzp>

-China Dialogue (2018): AIIB needs to deliver governance <https://bit.ly/3jIHizG>

-China Dialogue (2019): AIIB faces climate protests <https://bit.ly/2TgzWMP>

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## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Beijing Air Quality Improvement and Coal Replacement Project](#) [2017-2021]

### 2 Investment Country/area

Beijing, People´s Republic of China

### 3 Total investment AIIB (\$)

US\$ 250 million

### 4 Co-financier (if any)

Total estimated project costs: US\$ 761.10 million

Additional Finances: Beijing Municipality: US\$ 228.33 million

China CDM Fund: US\$ 30 million

Beijing Gas: US\$ 252.77 million

### 5 E&S Category

Category B

### 6 Project Details

-Beijing Gas was established for business purpose and operates on a commercial basis. All procurement decisions for procurement planning, tendering and contract administration are reviewed and approved by its own management

-Beijing Gas, from procurement view, is considered as a private entity, and the Bank’s procurement policy for Private Entity/the project is designed to improve air quality and reduce air pollutions by replacing dirty coal with natural gas in the rural areas of Beijing (Coal-to-gas)

### 7 Project Concerns

The problems with due diligence and implementation on systemic issues that can be attributed to the Bank’s reliance on the client’s own assessments are the following

- Disclosure of project sites took well over 6-12 months

- Disclosure of project sites (villages) excluded future project sites

- Reliance of the client system in due diligence assessments and a defunct project level grievance mechanism; instead it was a hotline for gas installation security, plus the client did not respond to any inquiries

- The massive coal-to-gas program led by Beijing govt of which AIIB finances a small portion did not address the affordability issue. There were no affordability and livelihood restoration analyses considering the high cost of gas for peasants/villagers

- Sham public consultation

There are neither transcripts of any concerns raised by the villagers about the operation of the project nor indications about the affordability of the gas for the more than 200,000 mainly poor households that are affected (§§ 57, 58 in ESF). The state responsible for implementing a “coal-to-gas” project deprived hundreds of people of their heating in cold winter before the promised gas supply was made available.

### 8 AIIB Interaction to date

Meetings of eurozone constituency governments with NGOs on 1 June 2018 (Berlin) and 18 September 2018 (Vienna)

### Organization monitoring:

Chinese groups, CEE Bankwatch, urgewald, NGO Forum on ADB

### Links:

-Urgewald (2019): The AIIB <https://bit.ly/2UoOdhr>

-NGO Forum on ADB (2018): Concerns to Beijing Air Quality Project <https://bit.ly/31A77Ga>

-«Concerns Relating to AIIB Standalone Beijing Air Quality Improvement Project» summer 2018

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## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[280 MW Nenskra Hydropower Plant Project](#) [2017-2021]

### 2 Investment Country/area

Svaneti Region, northwestern part of Georgia

### 3 Total investment AIIB (\$)

US\$ 100 million

### 4 Co-financier (if any)

Total project cost: US\$ 1,083 million; ADB, EBRD, EIB, KDB: for up to US\$ 758 million; (EBRD (US\$ 214 million) and EIB (US\$ 150 million) have not signed final loan contracts yet [Oct. 2020])

### 5 E&S Category

Category A

### 6 Project Details

- The objective of the project is to increase the country's power generation capacity year-round, reduce dependency on fossil fuel-fired power plants and thus decrease their associated pollution; and reduce imports of electricity from neighboring countries
- The project is designed to store water during the summer so that energy production can be continued at a sustained pace during the winter months, when it is expected to generate an additional 259 GWh
- The project will construct a dam to impound the Nenskra River in a reservoir, a weir on the Nakra River divert the water to the Nenskra Reservoir, runnels, and a powerhouse

### 7 Project Concerns

- Decrease of height and length of Nenskra River dam from 135 to 125 meters/ width from 870 to 820 meters, derivation tunnel between the two river valleys shifted closer to glacier, irreversible damage to fragile river and mountain ecosystems, 35 km of Nenskra and Nakra Rivers left with almost no water
- The project deprives the local communities of their ancestral lands and traditional livelihoods
- Landslides and flooding will affect the houses to Nenskra and Nakra River as well as traditional uses of the valleys (agriculture, animal grazing, fishing, and hunting, water mills, forestry)
- Immense impact on the country's fiscal stability: In 2017 and 2018, the International Monetary Fund and the World Bank revealed assessments that pointed at specific threats to the fiscal stability of Georgia's budget providing public funding for the project is not reasonable and needs to be cancelled'
- 2018-20: Complaints submitted to EBRD and EIB by CEE Bankwatch Network, Georgian Green Alternative, and community representatives from the potentially affected areas. Significant failures were found in the project's compliance with the ESP of EBRD and EIB emphasizing the concerns above

### 8 AIIB Interaction to date

Several times flagged the problems in digital dialogues with the bank

#### Organization monitoring:

CEE Bankwatch

#### Links:

- Bankwatch (2019): Nenskra Petition Luxembourg <https://bit.ly/3ppR5ZK>
- Bankwatch (2019): Stop Nenskra campaign <https://bit.ly/3ofAZRN>
- Bankwatch (2019): Nenskra Update <https://bit.ly/2Ir7MTv>
- Bankwatch: Nenskra hydropower plant, Georgia <https://bit.ly/38BRuCd>
- Bankwatch (2020): Georgia's billion dam violates international standards <https://bit.ly/38FepfR>
- Nenskra HPP Compliance Review Report EBRD Project Complaint Mechanism Case 2018/08 July 2020; CONCLUSIONS REPORT 7 February 2020, Nenskra HPP Complaint SG/E/2018/32 Georgia
- Request to the EBRD's PCM on the Nenskra HPP project, May 30, 2018; The complaint to Complaints Mechanism of the European Investment Bank, June 1, 2018



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### Overview of case studies on AIIB financed projects

#### 1 Investment Name and Timeframe

Amaravati Capital city project (AIIB PULLED OUT)

#### 2 Investment Country/area

Andhra Pradesh in Republic of India

#### 3 Total investment AIIB (\$)

#### 4 Co-financier (if any)

Total project cost: US\$ 715 million

World Bank: US\$ 300 million

#### 5 E&S Category

Category A

#### 6 Project Details

-After bifurcation of the erstwhile Indian state of Andhra Pradesh in June 2014, both the new states of Telangana and Andhra Pradesh decided to share Hyderabad as capital for 10 years

#### 7 Project Concerns

- “Ever since the Amaravati Capital City Project was conceptualized in 2014, environmental experts, civil society organizations and grassroots movements have expressed their anguish over the grave violations of the social and environmental laws, financial unviability, massive land-grabbing of the fertile land in the garb of voluntary land-pooling open threats to the complainants by none other than the then Chief Minister, along with concerns of losing fertile farmlands and livelihoods.” (WGIFIs, July 18, 2019)

- The project was criticized for building the city on the floodplains of river Krishna, diverting fertile farmlands and forests, displacing around 20,000 families, forcefully acquiring lands, and favoring contractors for the construction of the city

#### 8 AIIB Interaction to date

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#### Organization monitoring:

CFA

#### Links:

-CFA: Amaravati Capital City project <https://bit.ly/3prjdf5>

-CFA (2019): World Bank Pulls Out of Amaravati Capital City Project <https://bit.ly/2GXccB7>

-CFA (2019): A Case of Amaravati Capital City (2014-2019) <https://bit.ly/3kvc35A>

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#### 1 Investment Name and Timeframe

[Gujarat Rural Roads Project](#) (GRRP) [2017-2019]

#### 2 Investment Country/area

State of Gujarat in Republic of India

#### 3 Total investment AIIB (\$)

US\$ 329 million

#### 4 Co-financier (if any)

Total project cost (phase 1): US\$ 658 million

GoG: US\$ 329 million

#### 5 E&S Category

Category B

#### 6 Project Details

- Construction and upgrading all-weather rural roads (Ritu Dewan 54 – MMGSY Project) to increase transportation access throughout the state of Gujarat in India
- The project shall specially benefit women and support a gender-neutral approach

#### 7 Project Concerns

- The project did not establish mechanisms for women to inform or shape the project and overall, many fewer women were hired than men to work on the project
- Women did not get any new employment opportunities and the project has not promoted women's livelihoods or asset building
- MMGSY fails to provide equal, safe, decent jobs and there are no records of any kind to show they have been hired, are working, or are being paid
- Work sites did not have gender-safe bathrooms or housing facilities for women workers
- The project reinforced gender inequalities and violated labor and human rights
- Neither AIIB nor R&BD and LASA have a gender expert; AIIB does not have a gender policy
- The women face sexual harassment
- Women are being hired only at the lowest unskilled levels in AIIB-funded projects and there is no provision for skill upgradation or to create a befitting match between the educational background of the women and the kind/quality of work they are asked to handle

#### 8 AIIB Interaction to date

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#### Organization monitoring:

Gender Action, PWESCR, BRICS Feminist Watch

#### Links:

-Gender Action (2019): Unmet Gender Promises in AIIB's Gujarat Project <https://bit.ly/3lsRatc>

-PWESCR (2019): Gender Case Study from Gujarat <https://bit.ly/32AWjYP>

-CFA (2018): Financing the future? AIIB and India's NIIF <https://bit.ly/3eYBETA>

# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[India Infrastructure Fund](#) (IIF) [2017-2029]

### 2 Investment Country/area

Mumbai, Republic of India

### 3 Total investment AIIB (\$)

Up to US\$ 150 million (but not more than 20% of the total committed capital)

### 4 Co-financier (if any)

US\$ 750 million of committed capital; fund subscriptions up to US\$ 1 billion

### 5 E&S Category

Category FI

### 6 Project Details

- The Fund investment is well-aligned with the Bank's mandate to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors (by creating a mechanism to mobilize private capital from global long-term investors such as pension funds, endowments and insurance companies)
- The Fund's investment strategy is to invest in infrastructure platforms/ services companies with high growth potential that derive their revenues principally from India (Energy and utilities: renewable energy, electric transmission, water and wastewater systems; transportation and logistics: roads, airports; telecommunication, healthcare, education)

### 7 Project Concerns

- The projects documentation does not clarify which 'other' India Infrastructure Fund it refers to, making it impossible to make a fair assessment of the IIF's past practices and future plans. This is a significant problem. Without this basic information, any accurate assessment of the social and environmental risks inherent in the investment is impossible. Consequently, this means that civil society in India and globally cannot input meaningfully into the Board's decision whether to go ahead with this investment.
- The current portfolio of the IIF/IDFC in 2017 includes massive coal investments, contrary to AIIB's stated intention to uphold the Paris Agreement
- The land acquisition process has been flawed and people in the affected communities intimidated. The project required the diversion of almost 1,200 acres of multi-crop irrigated land for industrial use, contrary to Odisha state law. Almost 1,300 families lost their agricultural lands and another 100 have been economically displaced by the project. The company acquired 78 acres of forest without recognizing the rights of the local community which violated the 2006 Recognition of Forest Rights Act. Families report being coerced and threatened into parting with land at very low prices, over \$1,600 lower than mean values for the area for the three years prior to the beginning of the project. Communities also claim that the company acquired land by force from indigenous and marginalized castes like Dalits who are constitutionally protected. Researchers recently estimated that the GKEL project increased landlessness in the area by approximately 23 percent

### 8 AIIB Interaction to date

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#### Organization monitoring:

Recourse, Bank Information Center Europe, CFA

#### Links:

- BIC (2017): Will AIIB choose to avoid funding coal in India? <https://bit.ly/2UriITG>
- CFA (2018): Financing the future? AIIB and India's NIIF <https://bit.ly/3eYBETA>

# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[National Infrastructure Investment Fund](#) (NIIF) – Phase I [2017-?]

### 2 Investment Country/area

Republic of India

### 3 Total investment AIIB (\$)

US\$ 200 million of which US\$ 100 million has been approved in Phase I on 24<sup>th</sup> June 2018.

### 4 Co-financier (if any)

Total Project Cost: US\$ 600 million

Government of India: US\$ 500 million

### 5 E&S Category

Category FI

### 6 Project Details

- NIIF has been set up by the Government of India to address infrastructure financing gap in the country, particularly on the equity front. NIIF is envisaged to be developed as a platform that can attract national and international investors keen on investing in commercially viable Indian infrastructure
- The AIIB will continuously review the selection of further investments by the FoF against the defined Investment Guidelines which are being prepared and shall be agreed between the Bank and NIIFL. The Investment Guidelines will reflect the AIIB's ESP, Environmental and Social Exclusion List, where relevant the Environmental and Social Standards (ESS) and the Bank's Energy Sector Strategy: Sustainable Energy for Asia

### 7 Project Concerns

- Lack on Information and transparency
- Investments into the energy sector deserve particular attention in the era of the climate change crisis
- Even with regard to renewable energy projects, it is important that sub-project information is disclosed
- There are major concerns regarding the driving forces behind NIIF investment priorities
- Investments in failing airlines and airports will hardly qualify as infrastructure investments considering the fact that NIIF was specifically created to which has been created for financing infrastructure gap in the country
- NIIF focuses in high-risk sectors in India, which could lead to serious impacts on local communities and natural resources

### 8 AIIB Interaction to date

In mid-March 2018, 31 Indian CSOs wrote to M.M. Kutty, the Executive Director representing India at the AIIB

#### Organization monitoring:

Bank Information Center Europe, CFA

#### Links:

-WALHI: Open Letter to Bank of China <https://bit.ly/35oN3sC>

-CFA (2018): Financing the future? AIIB and India's NIIF <https://bit.ly/3eYBETA>

-CFA (2019): AIIB's Investment in the NIIF: Why is it a Risky Venture? <https://bit.ly/3f2ChLS>

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## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Transmission System Strengthening Project](#) [2017-2021]

### 2 Investment Country/area

Southern Region of Republic of India (Tamil Nadu)

### 3 Total investment AIIB (\$)

US\$100 million

### 4 Co-financier (if any)

Total costs: US\$ 303.5 million

ADB: US\$ 50 million

POWERGRID: US\$ 153.47 million

### 1 E&S Category

Category B

### 2 Project Details

-This Project is based in the southern region of the country and will strengthen the power transmission and generation of energy to provide electricity to the said region.

-The Project is a subset of the “HVDC Bi-pole Link between Western Region (Raigarh, Chhattisgarh) and Southern Region (Pugalur, Tamil Nadu) – North Trichur (Kerala)”, which comprises the related schemes to expand the inter-state transmission network in western and southern India.

-The three schemes combined will be able to wheel 6.0 GW of power from Chhattisgarh State to the Pugalur hub, and then transfer 4.0 GW into Tamil Nadu and 2.0 GW into Kerala

### 3 Project Concerns

-The land is rendered unfit for any agricultural use due to the constant electric current passing through the land where towers are erected or where transmission lines pass through. The land which farmers are not able to use for agricultural purposes due to constant electric current becomes unfertile over the years and is then declared a wasteland by government

-Contact with transmission lines destroys coconut plantations, which apart from having commercial value also are a livelihood source for women

-There are restrictions on construction around transmission lines and the landowners cannot use their land the way they want. Land with transmission lines over them or with towers lose their market value and people often don't find buyers in case they want to sell their land or get the price which is abysmally low. This scenario also helps land mafia in the region to grab lands at low prices

-Banks don't provide loans against the land with transmission lines over them or with towers.

-Public consultations were a sham and most people have no knowledge either of the project or the public consultations that have been claimed to have taken place

-The compensation plan is deeply flawed and poorly implemented.

-There are frequent fires that happen due to sparking around the transmission lines causing fires, which result in danger to cattle and their feed as well

-Health and safety of people have been compromised due to constant electric current in the land. Fires, electric shocks, and constant humming sound are serious safety issues faced by the local population

### 4 AIIB Interaction to date

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### Organization monitoring:

CFA, Bank Information Center Europe

### Links:

-CFA (2018): Why are the farmers of a power-surplus state resisting? <https://bit.ly/38CA2h5>

## „How environmentally friendly and socially just is the AIIB? “

### Overview of case studies on AIIB financed projects

#### 1 Investment Name and Timeframe

[Bangalore Metro Rail Project - Line R6](#) [2017-2021]

#### 2 Investment Country/area

Gottigere to Nagavara in Bangalore, Republic of India

#### 3 Total investment AIIB (\$)

US\$ 335 million

#### 4 Co-financier (if any)

Total Project Cost: US\$ 1785 million

EIB: US\$ 583 million, Tranche A&B

Government of India: US\$ 255 million

Government of Karnataka: US\$ 612 million

#### 5 E&S category

A (High Risk)

#### 6 Project Details

- The construction of one of two new lines planned as part of the 72.84 km Phase II of the Bangalore Metro expansion Project by SPV, Bangalore Metro Rail Corporation Limited (BMRCL)
- Line R6 (Reach 6) is to run 22 kms (7.5 km elevated and 14.5 km underground), north to south across Bangalore's heart and important commercial centers
- 18 stations and a maintenance depot are to be constructed as part of this. Once complete, Line-R6 is estimated to cater to 300,000 passengers per day and about 423,000 by 2031

#### 7 Project Concerns

- Displacement and livelihood loss of vulnerable communities.
- Though information is provided in the local language on BMRCL's website, majority of the displaced community is not empowered or equipped to access this information.
- 1312 trees axed including 313 heritage trees in violation of Karnataka Preservation of Trees Act 1976
- 27 public utilities or community commons, together with approx. 850 households dependent on or resident in private commercial and residential properties will be directly affected by the project

#### 8 AIIB Interaction to date

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#### Organization monitoring:

Growthwatch

#### Links:

- BMRCL (2017): EIA (Gottigere-Nagavara Corridor) <https://bit.ly/3dWJ9db>
- BMRCL (2017): EIA (Line R&) <https://bit.ly/3kxblFZ> .
- BMRCL (2019): Compensation and Resettlement Package (CRP) <https://bit.ly/3kw4lt1>
- Business Standard (20 January 2013). "Bangalore Metro Gets \$250 mn ADB loan".
- The Hindu (2017). "Funding for Phase II". The Hindu: 12 January 2017
- AIIB (2017): Project Document <https://bit.ly/2TsFytK>
- Deccan Herald (1 June 2019). "Slum-dwellers oppose eviction for 'Namma Metro'".
- First Post (2016): "Lessons from phase one: Can Bengaluru Metro beat deadline blues in underground trail?". firstpost.com: 29 April 2016
- New Indian Express (24 June 2020): "Demolition for Metro Phase II resumes".
- Metro Rail News (26 April 2019): "Bangalore Metro Phase-II Project Property owner wants an increase in compensation".
- Bangalore Mirror (16 September 2017): "Reach 6: 838 households to go".
- The Metro Rail Guy (2017): EIB & AIIB in Talks with BMRCL <https://bit.ly/38EjsUg>
- The Hindu (20 Feb 2020): Families to be shifted <https://bit.ly/3mmang8>

# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[International Finance Corporation \(IFC\) Emerging Asia Fund \(EAF\)](#) [2017-2027]

### 2 Investment Country/area

Asia region (China, India, Indonesia, Philippines, Bangladesh, Cambodia, Myanmar, Sri Lanka, Vietnam, Singapore, Thailand)

### 3 Total investment AIIB (\$)

\$ 150 million

### 4 Co-financier (if any)

Total value of the fund: US\$ 693 million

IFC: up to US\$ 200 million; Fiji National Provident Fund: US\$ 50 million; Chiba Bank (Japan): US\$ 10 million; Korea Development Bank: Unknown amount

### 5 E&S Category

Category FI

### 6 Project Details

- The Fund is an Emerging Asia growth-focused private equity fund with a returns-driven strategy, selectively investing growth capital across multiple sectors with IFC over a five-year period. Seeks diversified portfolio through geographic and industry diversification. So far invested in 5 projects: Shwe Taung Cement (STC) plant (Myanmar), Power company (Bangladesh/Singapore), Digital payments company (Philippines), Private healthcare provider (India), Distressed and non-performing assets investment group (Philippines/ Thailand/ Indonesia/ Vietnam), and in Bank of Ceylon in Sri Lanka

### 7 Project Concerns/ Regarding the STC sub-project (research prepared at Recourse):

- Delays and omissions in IFC's due diligence, such as lack of assessment of cumulative impacts, no evidence of broad community support and no information on GHG emissions from coal mine. IFC estimates significant increase in GHG emissions (from 0,55 to 2 million tons CO<sub>2</sub>e/year)
- Unclear procedures for project-level grievance mechanisms, and lack of knowledge about banks' accountability mechanisms by affected people, no consistent approach for land compensation
- Issues with casual labor, including lack of protective gear for workers, lack of working contracts, and frequent relocation of workers' settlements

**Project Concerns/ Regarding Summit:** Company exclusively funding gas and HFO projects, no renewables. Unclear exactly which projects the investment supported, some listed are linked to land grabs, pollution, and other social and environmental issues

### 8 AIIB Interaction to date (Oct.2020)

- Various in person/online meetings with bank management and project team leads, in particular about Summit Power and Shwe Taung Cement. Stakeholder engagement plan has since been posted online by IFC, though without community consultation and not available in Myanmar language. Initial outreach was conducted by STC regarding the grievance mechanism, but this does not appear to have been maintained. Local people informed Recourse they are unaware of the mechanism. Recourse/IDI follow up on outstanding issues. As AIIB came late to this project, early due diligence was conducted by the IFC, and the AIIB suggested that they would be a more effective point of entry for CSOs. As EAF invested alongside IFC equity/loans, the AIIB believed the project to be subject to “the highest standards”

### Organization monitoring:

Recourse, SOMO, Inclusive Development International (IDI)

### Links:

-BiC Europe, SOMO & IDI (2018): Financing development in Myanmar. <https://bit.ly/2TwEK7r>

-BiC Europe, SOMO & IDI (2018): Moving beyond rhetoric. <https://bit.ly/37MoffR>

# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Keppel Asia Infrastructure Fund](#) [2020-2021]

### 2 Investment Country/area

Multicountry

### 3 Total investment AIIB (\$)

US\$ 150 million / „stand-alone“

### 4 Co-financier (if any)

### 5 E&S Category

Category FI

### 6 Project Details

- The objective is to mobilize private capital investments into infrastructure in AIIB’s members via a fund with a market risk-adjusted return

### 7 Project Concerns

-No transparency: The publicly available project information is limited to a three-page summary (see [www.aiib.org](http://www.aiib.org)). There is no subproject list available

-Standards: It is said that ESP of AIIB will be applicable but AIIB delegates the decision-making on the use of AIIB’s funds for investments in subprojects to the Fund Manager who decides whether projects meet the ESP. There is no implementation monitoring process

-Corruption: Infrastructure investments are per se more at risk of corruption than other sectors. Keppel attracted attention several times through major corruption scandals

- The parent company of the Keppel Asia Infrastructure Fund is the Keppel Corporation, based in Singapore. The largest shareholder in Keppel Capital (under which the fund is located) is Temasek (20%), a Singapore state fund. According to information from the company, the fund acquired a 30 percent stake in a liquefied gas plant in January that is currently being converted by the “Keppel Offshore & Marine” division. There is no information on other planned projects on the AIIB website

-Not best practice: The International Finance Corporation (IFC), the private sector subsidiary of the World Bank, has fundamentally reformed the conditions for lending to financial intermediaries such as the Keppel Fund in recent years. The reason was insufficient information on the use of the funds. However, the AIIB does not have any comparable guidelines to the World Bank on transparency and accountability for financial intermediaries

### 8 AIIB Interaction to date

Several online meetings with bank management in the aftermath of AIIB AGM 2020

### Organization monitoring:

urgewald

### Links:

-EWS (2020): Multicountry: Keppel Asia Infrastructure Fund <https://bit.ly/2UnJ0GC>

-AIIB: Multicountry. Keppel Asia Infrastructure Fund <https://bit.ly/35nHaMe>

-Keppel Asia Infrastructure Fund: Official Homepage <https://bit.ly/3nqFF6h>



# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Myingyan 225 MW Combined Cycle Gas Turbine \(CCCGT\) Power Plant Project/ Public Private Partnership](#) [2016-?]

### 2 Investment Country/area

Taungtha, a township of Myingyan District in Mandalay Division, Myanmar

### 3 Total investment AIIB (\$)

US\$ 20 million

### 4 Co-financier (if any)

Total project cost: US\$ 304 million

Asian Development Bank: US\$ 143 million (+ US\$ 110 guarantee)

World Bank (International Finance Corporation): US\$ 75 million

Others, e.g. UK's Private Infrastructure Development Group

### 5 E&S Category

Category A

### 6 Project Details

- Public Private Partnership (PPP) helps to mobilize private investment in sectors such as the energy sector PPP in Myanmar, in this case for a combined cycle gas turbine project (225 MW)

- The plant generates power for the national grid

### 7 Project Concerns

- High costs to the public purse and excessive risk to the public sector

- Harmful impacts in the poorest and exacerbation of inequality

- Lack of transparency and accountability to the public

- A high degree of complexity in terms of negotiation and implementation

- Expectations that blended finance can bridge the SDG financing gap are unrealistic

- The project is located in a fragile and conflict state

### 8 AIIB Interaction to date

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### Organization monitoring:

Recourse, NGO Forum on ADB

### Links:

-Recourse (2020): Secrecy and the Myingyan PPP gas power plant <https://bit.ly/3pqULu4>

-NGO Forum on ADB (2018): AIIB and the Myingyan Gas Power Plant <https://bit.ly/3nhycpS>

-Recourse (2020): Secrecy and the Myingyan PPP gas power plant. Burmese <https://bit.ly/36vcGap>

# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Tarbela 5 Hydropower Extension Project](#) [2016-2022]

### 2 Investment Country/area

Khyber Pakhtunkhwa Province in Pakistan

### 3 Total investment AIIB (\$)

US\$ 300 million

### 4 Co-financier (if any)

Total project cost: US\$ 823.5 million

World Bank: US\$ 390 million

Government of Pakistan: US\$ 133.5 million

### 5 E&S Category

Category A

### 6 Project Details

- The project will boost production at an existing hydro-dam and linking it with new transmission lines to the national grid, adding nearly 3.000 MW capacity
- Previous construction: Tarbela Dam: built in 1970s is the second largest earth-fill dam in the world (almost 100 km long and 243 square km)
- Ghazi Barotha: built in 1990s (diverts the Indus water through a 52km long canal to Barotha village, where the power complex is located with a generating capacity of 1.450 MW)

### 7 Project Concerns

- Though AIIB has made a commitment to help resolve the complex legacy of social and environmental harms caused in this region by the previous hydropower projects (around 90,000 people were displaced when 120 villages were submerged), neither budget nor process for this remedy are sufficient
- The displacement of people to make way for the new 50 km transmission line and 160 associated towers, and construction of the Islamabad West Grid station
- Acknowledging and acting upon the concerns of communities regarding redress, employment, sanitation, health, relocation sites, amenities, and access to electricity
- Ensuring genuine public consultations, in particular reaching out to those communities previously affected, making sure documents are made available to them in Urdu and local languages
- Ensuring gender considerations are fully taken into account and that women's voices are heard in public consultations

### 8 AIIB Interaction to date

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#### Organization monitoring:

Bank Information Center Europe, Recourse

#### Links:

-BIC (2017): AIIB and Tarbela 5 hydropower extension project <https://bit.ly/32F9kQV>

-China Dialogue (2017): AIIB about to face two major tests <https://bit.ly/35o9y0F>

# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Support to Colombo Urban Regeneration Project](#) [2018-2025]

### 2 Investment Country/area

Colombo, Democratic Socialist Republic of Sri Lanka

### 3 Total investment AIIB (\$)

US\$ 200 million

### 4 Co-financier (if any)

Total project cost: US\$ 287 million

GoSL: US\$ 84 million

Private Partner: US\$ 5 million

### 5 E&S Category

Category A

### 6 Project Details

- GoSLs established the Colombo Urban Regeneration Program (URP) which aims to resettle about 50.000 low-income and lower-middle-income households into new high-rise apartment buildings with improved utilities and facilities
- The project improves the housing conditions of low-income communities and increases land use efficiency in Colombo through investments in the construction of affordable housing and redevelopment of land, along with the associated enhancement of systems and policies
- The project includes technical support and project management

### 7 Project Concerns

- Negative impacts on those who were resettled, including forced evictions
- Legal and policy safeguards and standards were disregarded during the resettlement process and “military force, intimidation and harassment were used to evict people from their homes and the process did not follow Sri Lanka’s laws related to land acquisition.”
- Poor living conditions in “upgraded” condominiums. The housing blocks provided were insufficiently large in relation to the number of resettled people. Access to services and maintenance for the buildings was limited, and many of the buildings rapidly deteriorated into “vertical slums.
- Although AIIB documents describe efforts of the bank to address civil society’s concerns and some measures that the bank will take to improve the project, some commitments concerning an appropriate and sufficient size of the apartments as well as their affordability for all residents remain vague. Determination of land ownership in the areas to be acquired for sub-projects
- The AIIB has committed to invest in a manner consistent with the SDGs, including SDG 11.1 on “adequate, safe, and affordable housing,” and its policies commit to provide “poor and vulnerable groups with legal and affordable access to adequate housing.” In light of the failures of the previous phases of the URP to meet those standards, however, the AIIB will need to closely monitor the implementation of the project, and will need to work with the Government of Sri Lanka to ensure that housing constructed meets [international standards for “adequate” housing](#)

### 8 AIIB Interaction to date

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#### Organization monitoring:

Bank Information Center US

#### Links:

-BIC: Colombo Urban Regeneration Project <https://bit.ly/36v80l0>

-AIIB: Sri Lanka. Support to Colombo Urban Regeneration Project <https://bit.ly/35nJHGe>

# „How environmentally friendly and socially just is the AIIB? “

## Overview of case studies on AIIB financed projects

### 1 Investment Name and Timeframe

[Laos National Road 13 Improvement and Maintenance](#) [2019-2023]

### 2 Investment Country/area

Sikeut to Songpeuay market to Phonhong, close to Vientiane, Lao People’s Democratic Republic

### 3 Total investment AIIB (\$)

US\$ 40 million

### 4 Co-financier

World Bank (IDA): US\$ 40.2 million; Nordic Development Fund: US\$ 9.5 million; Lao government: US\$ 38.500.000.

### 5 E&S Category

Category A

### 6 Project Details

- The project comprises of two components: the widening of a road, just North from the capital Vientiane, and the renovation of the same road a bit further north along the stretch between Songpeuay Market and Phonhong
- Project has been classified as CAT A, because widening of road takes place in an urbanized area. 44 villages will be affected, more than 1940 households

### 7 Project Concerns

- 378 households belong to families headed by single women without families. They ask for land for land compensation and reconstruction of their homes and businesses. They request for livelihood restoration prior to the demolition of their houses and vendor places
- Parallel to NH13 an expressway built by Yunnan Construction and Investment holding group, as well railroad (Chinese banks, ExIm bank loan). No mention in EIA and/or comparison of Economic scenarios.
- Concern about political use of AIIB finance for renovation of NH 13 from Vientiane to the Cambodian border, the AIIB in being instrumental to roll out BRI. Growing anti-Chinese sentiments in the country meanwhile.

### 8 AIIB Interaction to date

Talk with World Bank Country director in October 2019 about resettlement issues

### Organization monitoring:

Both ENDS

### Links:

- EWS (2020): National Road 13 Improvement and Maintenance Project <https://bit.ly/2IvTG3e>
- AIIB (2019): Project Summary Information <https://bit.ly/38FmEsE>
- NDF (2018): National Road 13 North <https://bit.ly/3pq2Jnm>
- Worldbank (2018): Project Appraisal Document <https://bit.ly/2UpKQqk>